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# **USSR Report**

**CONSUMER GOODS AND DOMESTIC TRADE**

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18 October 1984

**USSR REPORT**  
**CONSUMER GOODS AND DOMESTIC TRADE**

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### USSR DEPUTY TRADE MINISTER EXAMINES CONSUMER GOODS INDUSTRY

Moscow SOVETSKAYA TORGOVLYA in Russian No 8, Aug 84 pp 2-5

[Article by Petr Dmitriyevich Kondrashov, USSR first deputy minister of trade (Moscow): "The Level of Trade Organization Must Be Raised"]

[Text] At a meeting with the workers of the Moscow Serp i Molot Metallurgical Plant, Comrade K. U. Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, said that the decisions of the February and April CPSU Central Committee plenums and the first session of the USSR Supreme Soviet, 11th Convocation, direct us to organize efficient and intensive work in all areas of communist construction.

Great and important tasks in the radical improvement of trade services for the population and the considerable augmentation of commodity turnover also face our industry. Suffice it to say that total commodity turnover has been projected at 322.5 billion dollars in the current year, or 16.7 billion more than in 1983.

Trade conditions have changed dramatically in recent years. The change essentially consists in the stabilization of the commodity market. Today there are sufficient resources for uninterrupted trade throughout the country in the majority of goods. Under these conditions, the population is making higher demands on the commercial features of goods and on their assortment, quality, convenience and reliability. The days when goods "sold themselves" are gone. Concepts such as "offering goods" or "throwing goods on the market" are also becoming obsolete. Today it is necessary to be able to sell goods and secure a high rate of increase in commodity turnover. Furthermore, this must be done at a time when commercial and storage space is still in short supply.

"When the plan becomes law," Comrade K. U. Chernenko said at the April (1984) CPSU Central Committee Plenum, "it must be respected, observed and unconditionally fulfilled. And this is not simply a matter of economic discipline. This is a matter of party and political responsibility."

The successful fulfillment of the plan under present circumstances depends largely on well-managed commercial work, close contacts with industry for trade organizations and enterprises and the efficient supervision of the commercial inventory. It is significant, however, that the continued improvement of the organization of trade and the rapid elimination of numerous shortcomings and drawbacks in this sector could also provide great opportunities.

Much has recently been done in a number of republics. The improvement of trade processes is being effected on a broad scale in Yaroslavl, Kuybyshev, Penza, Voronezh, Gorkiy, Voroshilovgrad, Kharkov, Chernigov, Minsk, Gomel, Tselinograd, Rustavi, Leninakan, Klaypeda, Kaunas, Ventspils, Tallin and several other cities.

But certain forms and methods of trade organization, which have been taking shape for years but are obsolete in light of today's requirements, are being changed much too slowly, particularly in the marketing of goods in adequate supply. The merchandising area in stores and general-purpose warehouses in the majority of republics are being used unwisely and far from efficiently. As a result, many goods which are not only in adequate supply but are even surplus commodities are not being sold to the population.

Inspections have indicated that the merchandising areas of stores do not correspond to actual supplies of commercial stocks or to the demand for various goods. Modern sales techniques are not being developed in many stores, and the commercial assortment is not displayed effectively, with consideration for public demand and seasonal changes. Customers spend a long time at check-out counters, particularly during peak hours. All of this can be taken as a sign of the indifference and irresponsibility of the people who have been entrusted with the maintenance of high trade standards. Enterprise managers must be severely reprimanded for these shortcomings.

What are some of the methods we can use to improve trade processes for the augmentation of sales?

First of all, we can specialize stores and concentrate the products of light industry and technically complex goods in these stores. The distribution of these goods among a multitude of stores precludes the display of the entire assortment. In such cases, the potential customer shops in several stores without buying anything even though the item he is seeking is being offered for sale by some store somewhere. The product and the customer cannot get together.

The specialization of stores and the concentration of the sale of these goods would give us the best possible conditions to study the demand for them and to influence production more effectively.

This would also secure a higher level of skills in salesclerks, heighten their knowledge of the commercial and operational features of goods and augment their ability to suggest and demonstrate products.

These fundamental premises can be verified with figures. The population of Minsk is around 1.5 million. Goods categorized as "household equipment" (refrigerators, vacuum cleaners, washing machines, etc.) were sold in 16 stores in a merchandising area of around 1,600 square meters. The annual sales volume was 7.2 million rubles. Around 100 people sold these goods. Now these goods have been concentrated in an area of 660 square meters (almost a thousand square meters less) in one specialized store. The available space is now being used for expanded sales of other manufactured goods. Sales have increased to 9.4 million rubles--a rise of 30 percent. Now 60 people sell the

goods, instead of the previous 100. The sale of these goods has now been organized according to the same principle in all oblast centers in the republic. Similar examples can be cited for a number of other republics.

This is not a new problem.

As early as 1973, by order of the USSR Ministry of Trade, trade organizations were supposed to concentrate complex goods only in a limited number of specialized stores and department stores and not allow the distribution of stocks of these goods among many small enterprises not adapted for this kind of trade.

What kind of changes have taken place since that time?

The level of this specialization (excluding department stores) has now reached 63 percent in the country as a whole. The situation is slightly better in some oblasts of the RSFSR, Ukraine and Belorussia and in Lithuania and Estonia, where specialized stores account for 76 percent of the total, and slightly worse in Kirghizia, Azerbaijan, Armenia and Tajikistan, where this level does not exceed 56-60 percent.

The specialization of trade in each item is not as satisfactory. Whereas the nationwide level for clothing is 67 percent, it is only 55 percent for radio equipment, 48 percent for footwear and 38 percent for electrical appliances. The level of specialization for these individual goods ranges only from 38 to 22 percent in the Uzbek, Azerbaijan, Moldavian and Armenian republics.

Special attention and accuracy are needed in the management of specialized trade in surplus goods (jewelry, crystal, rugs, etc.). But the network of stores specializing in, for example, the sale of jewelry is being developed too slowly. It is being sold primarily in department stores, where it is difficult to display expensive items and where these items are frequently sold in the same department as costume jewelry, which inhibits the sale of the more expensive items.

The time has come to open combination salon-stores for the sale of rugs and carpeting, furs, jewelry and crystal.

The organization of sales of children's goods should be given priority. Much has been done to improve the trade in children's goods in Moscow, Leningrad, Kiev, Yaroslavl, Riga, Sverdlovsk, Gorkiy, Perm, Vinnitsa, Nikolayev, Brest, Beltsy, Pavlodar and several other cities.

The establishment of large shopping centers specializing in sales of children's goods can, without any change in the capacities and raw material potential of light industry, lead to the attainment of a major social objective within a relatively short period of time--the fuller satisfaction of the demand for children's goods. When the Moscow Detskiy Mir trade firm was established, for example, several industrial enterprises in Moscow and Moscow Oblast began to specialize in the manufacture of children's goods. This made questions about the profitability or unprofitability of this kind of production meaningless. The observance of contracts for the delivery of goods in terms of assortment, quality and schedules improved perceptibly.

In cities with large centers for the sale of children's goods, 70-80 percent of the assortment is updated annually, and merchandising area in these cities is being used 30-40 percent more effectively.

In spite of the obvious advantages of this system, however, it is not being given enough consideration in the Uzbek, Azerbaijan, Kirghiz, Kazakh and Tajik republics, where the supply of children's goods constitutes a special problem.

Inspections have shown that the respecialization of the existing network and the augmentation of merchandising area for specific categories of goods in accordance with current standards are not being planned in most places, but this is the foundation of the concentration of trade, particularly in established cities. In many republics plans for the specialization of trade enterprises are being replaced with plans for the construction of only new specialized stores.

In some cities the commercial specialization of new stores is being planned without sufficient technical and economic substantiation. The locations of specialized stores are still being chosen arbitrarily, although this creates additional difficulties for the population and does not contribute to the efficient operation of these enterprises.

The "Items for the Young," "Young Engineer," "Do-It-Yourself," "Gardening Tools" and other store chains are not being developed properly.

The managers of main workers' supply administrations and the workers' supply administrations of industrial ministries must give more attention to the respecialization and concentration of the trade in manufactured goods, particularly in regions and cities where these agencies are responsible for the supervision of trade services.

It is significant that the respecialization and concentration of trade do not require large capital investments. What is more, in accordance with the instructions of USSR Gosplan, local agencies have been authorized to finance the remodeling of trade enterprises with the 5-percent deductions from capital investments for housing construction. So far, however, these allocations for new construction have not been used in their entirety in most places.

The organization of the sale of daily necessities in places maximally accessible to the public is an important matter.

In the GDR, for example, these goods represent 20 percent of the total turnover of self-service department stores, and the figure is even higher in some developed capitalist countries.

Projected standards have already been set in this field. Minimum sales volumes have been set at 10 percent for self-service department stores and 5 percent for self-service grocery stores. The commodity turnover plans of these stores should include the corresponding assignments. They should be provided with the necessary stocks of manufactured goods.

Our present supplies of many of the items which should be sold in these stores are adequate or more than adequate, but the problem still exists.

Apparently, intradepartmental "partitions" between manufactured goods trade organizations and grocery trade organizations are impeding the effective resolution of this problem. The heads of oblast administrations should use their authority more extensively and solve these problems more vigorously. According to specialists, when sales of daily necessities represent 10 percent and 5 percent respectively of the turnover of self-service department stores and supermarkets, commodity turnover can be augmented by more than a billion rubles a year.

The practice of selling groceries on the basis of advance orders should not only continue but should be developed even further in the future. Plans for the development and specialization of the network should envisage the construction of large specialized stores capable of handling from 2,000 to 20,000 orders a day.

The state of affairs in the organization of trade transactions on a commission basis warrants serious consideration.

There would seem to be a double incentive to develop this trade: On the one hand, this type of trade does not require commercial stocks and produces additional turnover and, on the other, by helping the seller get rid of something he does not need, it makes him a potential buyer of a different product, and this also means additional turnover.

The organization of trade in manufactured goods on a commission basis, however, leaves much to be desired in the majority of republics. Even according to relatively low standards, the public supply of commission-sale stores is extremely insignificant and represents, for example, 56 percent in the Armenian SSR, 44 percent in the Uzbek SSR and only 40 percent in the Turkmen SSR.

When we discuss the need to raise the level of trade organization, we must look into the problems of self-service, which is still the principal method of organizing store operations. Its development, however, has recently tended to slow down.

The shortage of packaged goods is one of the main problems most often cited as reasons for the slow development of self-service. This problem is real. Industrial packaging has not been developed satisfactorily. For this reason, goods are still being packaged in the trade network. The solution, however, consists in the concentration of packaging operations in large inter-rayon or city shops instead of all the separate small and insufficiently equipped shops of grocery trade organizations. This would result in the more effective use of equipment and packaging materials.

Although there are no problems of this kind in the trade in manufactured goods, the developmental level of self-service is too low in this sector as well. Although the nationwide level of self-service in the trade in manufactured goods is 66 percent, it is 51 percent in the Turkmen SSR, 48 percent in Armenia, 47 percent in Georgia and only 43 percent in Latvia. The level is below the union average in Uzbekistan, Azerbaijan, Tajikistan and Estonia.

A decisive change in attitudes toward self-service in general is essential. The quantitative transfer of stores to self-service must be completed everywhere before the end of 1985.

But what about the qualitative side of the matter?

This will entail discussion of the efficient distribution of commodities in shopping areas, the effective placement of display equipment, the design of this equipment, the methods of arranging and displaying goods, the operation of check-out counters, the work of cashiers, the design of cashier booths, the organization of additional customer services and many other topics.

The most important of these include the organization of single check-out counters, the incorporation of progressive commodity handling technology with the use of packaging equipment, the provision of enterprises with new types of equipment and the delivery of large items to the customer's home.

The centralization of cashier operations in single check-out counters is a relatively new development in our commercial practices. This technique was first used in a large department store in Chernigov. It was then used more extensively in Penza. Now all non-grocery stores in Yaroslavl are also using this method of transactions with customers.

What is the ultimate purpose of the use of single check-out counters in non-grocery stores?

This eliminates the need for separate department and general cashier booths and thereby makes additional merchandising area available. It eliminates the need for small departments and reduces staff size. All that is needed is a single brigade with a limited number of financially responsible individuals, and this contributes to the expansion of service zones, the more extensive combination of professions and the better use of work time.

Shopping time is reduced and the stores can serve more customers.

As a result of all this, service standards are elevated, and commodity turnover is increased considerably as long as all other conditions remain equal.

It must be said that the introduction of the single check-out counter is not simply a matter of concentrating all cashiers in one specific place. This process is connected with a break with tradition, with a practice of many years' standing. It will require painstaking preparations. The entire matter must be logically explained to workers in advance.

The institution of single check-out counters in non-grocery stores throughout the country is expected to become a general trend in the improvement of trade technology.

This work must be supervised by the senior administrators of trade enterprises and organizations on all levels.

Klaypeda still represents the only example of the organization of progressive commodity handling technology with the use of packaging equipment. New "Klaypedas" are already being established, however, in Penza, Lipetsk and Yaroslavl, in Voroshilovgrad and Chernigov, in Lithuanian and Crimean cities, in Tselinograd and Rustavi.

In regions where this work is being performed successfully, calculations indicate that the same merchandising area can accommodate 2.5-3 times as many products and the level of the mechanization of manual labor and of the effective use of motor transport can be almost 3 times as high. The ratio of auxiliary facilities to merchandising area can be changed in favor of the latter, and commodity turnover per square meter can be doubled.

The introduction of this system is being impeded by several difficulties, primarily connected with material and financial capabilities.

In addition, the attitude toward this important matter is an equally significant problem. The rate of progress in this area has varied even in places with equal capabilities. Things are better in some places and absolutely unsatisfactory in others.

For example, the system has been introduced in 1,980 stores in the Ukraine, 470 in Belorussia, only 49 in Kirghizia, 32 in Azerbaijan and not a single store in the Turkmen SSR!

The provision of stores with new types of equipment is important because new, technologically superior equipment allows for the display of a broader assortment of goods with no change in the size of shopping areas.

We must admit that much of our equipment is outdated and does not meet today's requirements when it comes to volume, technology or external appearance.

The quicker resolution of this problem in the republic is the purpose of the technical documents for more effective types of equipment for the sale of rugs, furs and jewelry and for the display and sale of children's goods and other commodities. It must be said that the production of this equipment is being organized efficiently on the local level in a number of republics. In the RSFSR, the Ukraine, Belorussia and the Kazakh and Moldavian republics, for example, the "open-book" type of equipment for the sale of rugs is being manufactured. The impact of this equipment has been impressive. For example, special equipment of this kind can display up to 40 different types of rugs in 12 square meters. Merchandising area can be used twice as effectively.

These recommendations are not being followed everywhere, however. There have been intolerable delays in the incorporation of new types of equipment for the sale of rugs in the Kirghiz, Uzbek and Turkmen SSR's.

Finally, there is the need to arrange for the delivery of large items to the customer's home directly from the manufacturing enterprise, wholesale base or trade warehouse, bypassing the store. In Moldavia in 1983, over 1.5 million rubles' worth of furniture, or almost 45 percent of all delivered furniture,

was sent to customers from factories without ever being taken to stores. In hypothetical terms, this made over 9,000 square meters of warehousing and merchandising area available.

More than 500 stores in the state trade network are now displaying only models of large items and delivering these items to the customer's home directly from the factory. The work has been organized successfully in Moscow, Leningrad and a number of oblasts in the RSFSR and Ukraine, and it has been unsatisfactory in Georgia, Armenia, Uzbekistan, Kirghizia and Turkmenia. Something must also be said about the more enthusiastic participation of salesclerks in the merchandising process and about advertising and the role of trade organization services.

The discussion thus far has concerned itself with physical ways of improving the technology of trade. During the concluding stage of the sale, the activity of salesclerks, consultants and cashiers plays a tremendous role, if not the deciding one. People are correct when they say that offering and demonstrating products well is half the job of selling them.

We are justifiably and, unfortunately, quite frequently criticized because store clerks, who are often not busy with anything else, do not pay any attention to customers and are not enthusiastic about showing them goods.

One of the reasons is that some store employees are still governed by the feelings engendered by previous shortages. This mentality must be eradicated without delay and in the most resolute manner. Well-planned and purposeful educational work is required. In addition, we must be more demanding and exacting. The eradication of shortcomings in this area will also depend largely on the accuracy with which means of economic influence are used. This will entail the evaluation of store personnel performance with a view to individual participation when progressive wage differentials are being calculated.

Advertising has become somewhat more lively with the help of the mass media. But advertising within the store and window displays in the majority of enterprises leave much to be desired and do not add to the merchandising process.

One reason is the experience of earlier times when goods did not have to be advertised to be sold. The attitude toward this matter must be changed radically. Advertising's role in merchandising will continue to gain importance as the output and assortment of consumer goods grow.

The implementation of measures to improve the organization of trade will also require increased participation by trade organization services from the top down. For this purpose, they must be relieved of extraneous functions and duties. Today, however, services in a number of republics are managing socialist competition, techniques and inventions, organizing all types of conferences, preparing statistical reports and performing many other functions.

We must remember that trade organization administrations and departments are also responsible for all of the organizing work involved in the compilation and implementation of comprehensive territorial programs for more efficient

trade. In short, trade organization services must be reinforced to the maximum by focusing their activity on the organization of the merchandising process and the elevation of service standards.

When Comrade K. U. Chernenko, general secretary of the CPSU Central Committee, met with party Central Committee workers, he said: "It is now important to work toward the fulfillment and overfulfillment of assignments for 1984. This will necessitate the use of all our national economic potential and the timely correction of failures to keep up with assignments. Order and discipline must be enhanced constantly.

"Now we must concentrate more on the implementation of decisions and the verification of performance. We must never show leniency in these matters. The performance of managers who sometimes disrupt the fulfillment of assignments must be evaluated accordingly. Better control will necessitate an emphasis on vigorous organizational activity and personal inspections of the state of affairs."

All of this also applies to Soviet trade personnel.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### CONSUMER COOPERATIVE RETAIL GOODS 1983 TURNOVER FIGURES

Moscow SOVETSKAYA POTREBITEL' SKAYA KOOPERATSIYA in Russian No 8, Aug 84  
pp 20-22

[Report by Tsentrsoyuz Economic Planning Administration: "Consumer Cooperatives in the Third Year of the Five-Year Plan"; passages rendered in all capital letters printed in boldface in source]

[Excerpt] In 1983 all parts of the consumer cooperative network were developed further. The efficiency and quality of work were enhanced. The efforts of members were focused on the improvement of trade services for rural workers, the expansion of agricultural product and raw material procurements, the growth of consumer goods production and the reinforcement of the farm economy.

**RETAIL TRADE.** Efforts to improve the organization of trade and to strengthen its material and technical base continued last year. Considerable attention was given to the establishment of closer contact between farms and industrial enterprises for the purpose of increasing the output of scarce goods, expanding and updating their assortment, improving product quality and securing the timely and complete delivery of items in accordance with allocated funds.

Measures were taken for the more efficient organization of trade services for field and farm workers directly in their place of employment and for the inhabitants of small towns and remote rural communities.

All of this resulted in the further growth of retail commodity turnover. The volume in 1983 totaled 86.1 billion rubles, representing an increase of 2.6 percent over the past year and 5.9 percent over the first 3 years of the five-year plan.

The volumes and growth rates of retail commodity turnover for union republic unions of consumer societies were the following (see Table 1).

The per capita rate of increase in commodity turnover exceeded the rate for the state trade network (see Table 2). As a result, per capita sales in urban and rural areas continued to be equalized.

Nevertheless, the rate of increase in the retail commodity turnover of the cooperative trade network was not high enough to fulfill the plan. The level of fulfillment in 1983 was 96.9 percent. The figure for the first 3 years of the five-year plan was 98.8 percent.

Table 1

<u>Consumer society unions</u>	<u>1983 turnover</u> <u>(billions of rubles)</u>	<u>1983 turnover as % of:</u>	
		<u>1980</u>	<u>1982</u>
Russian	42.33	104.4	101.8
Ukrainian	15.29	103.5	102.6
Belorussian	2.67	104.3	103.8
Uzbek	5.90	120.8	105.0
Kazakh	5.42	106.7	102.9
Georgian	1.45	106.5	104.0
Azerbaijani	1.57	112.7	104.3
Lithuanian	1.96	103.7	102.1
Moldavian	1.66	105.5	102.7
Latvian	1.39	103.4	102.9
Kirghiz	1.44	109.7	103.5
Tajik	1.37	115.8	105.3
Armenian	0.74	102.8	101.3
Turkmen	1.03	115.1	108.0
Estonian	0.85	105.1	102.4

Note: Here and further on, turnover growth rates are stated in comparable prices.

Table 2

<u>Networks</u>	<u>Per capita turnover,</u> <u>in rubles</u>			<u>1983 as % of:</u>	
	<u>1980</u>	<u>1982</u>	<u>1983</u>	<u>1980</u>	<u>1982</u>
Consumer cooperative	668	728	754	106.1	102.8
State trade	1,285	1,367	1,387	102.7	100.7

Table 3

<u>Commodity groups</u>	<u>1983 sales as % of</u>		<u>% of total turnover</u>		
	<u>1980</u>	<u>1982</u>	<u>1980</u>	<u>1982</u>	<u>1983</u>
Food	104.0	102.6	53.1	53.3	53.5
Non-food	107.9	102.5	46.9	46.7	46.5

There are several reasons for the underfulfillment of the retail commodity turnover plan: The main ones are the serious shortcomings in the organization of trade and merchandising, the inefficient handling of commodity stocks, etc.

The managers of many cooperative organizations did not display the necessary initiative and efficiency to meet changes in the marketing conditions of specific goods. In general, several cooperatives are not drafting turnover plans in line with required assortments and are not giving enough attention to the supervision of plan fulfillment.

Table 4

<u>Types of goods</u>	<u>1983 sales (thousands of items)</u>	<u>1983 as % of 1980</u>	<u>1983 as % of 1982</u>
Television sets	2,194.7	107.8	192.3
Color TV's	397.3	148.1	117.0
Tape recorders	727.3	124.7	104.4
Washing machines	1,395.3	107.9	102.9
Electric vacuum cleaners	530.4	111.6	107.6
Motorcycles and motor scooters	632.2	111.2	106.8

Table 5  
(millions of rubles)

<u>Turnover indicators</u>	<u>1983</u>	<u>1983 as % of 1980</u>	<u>1983 as % of 1982</u>
Public catering retail turnover	5,146	113.1	104.9
Sales of public catering enterprises' own products	2,969	117.4	105.0

The data in Table 3 are indicators of the increased sales of foodstuffs and manufactured goods and of the structure of total retail commodity turnover.

High rates of increase in the sales of products with the greatest nutritional value--meat, vegetables, fruit, etc.--were reached in 1983 and over the first 3 years of the five-year plan.

The trade in clothing, linens, outer knitwear, hosiery and furniture developed at a more rapid rate than the total group of non-food items. Sales of many goods for cultural and household use increased (Table 4).

Significant quantities of radios, cameras, refrigerators, sewing machines, timepieces, bicycles and mopeds were sold. The supply of these items is now much closer to the normative level.

Printed materials worth almost 300 million rubles were sold in 1983, representing an increase of 6.7 percent over the figure for the previous year.

The trade in gardening tools has been vigorously developed in recent years, and more construction materials are being sold to private builders.

PUBLIC CATERING. High rates of increase in the retail turnover and sales of the public catering network's own products were characteristic of 1983 and the first 3 years of the five-year plan, as indicated by the following data (see Table 5).

On the whole, the consumer cooperative network fulfilled the plans for the retail turnover and sales of the network's own products.

URBAN TRADE. Cooperative organizations have organized broad-scale trade in agricultural products, purchased at contracted prices, in cities and workers' settlements, particularly in recent years. The sales volume in 1983 was 3.9 billion rubles, exceeding the 1982 figure by 12.7 percent and the 1980 figure by 44.3 percent.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### WESTERN FASHION INFLUENCE ON SOVIET YOUTH DECRIED

#### 'Clothes Culture' Evaluated

Moscow MOSKOVSKAYA PRAVDA in Russian 18 Jul 84 p 2

[Article by A. Lagutina, senior art critic of the All-Union Institute for the Assortment of Products of Light Industry and Clothes Culture: "They Greet You According to Your Clothes...."]

[Text] Summer is not just a riot of green and flowers. It gives us the chance to view in more detail the diverse and varied world of our clothing, the look that Muscovites prefer. A few dark rainy days did not conceal the variety of our inclinations and habits. But with all the motley ou\*fits, it is not difficult to detect the rules and principles of fashion now prevailing on our streets.

Philosophers long ago determined that clothing satisfies not only the utilitarian needs of man but also purely esthetic interests, and at the same time it exercises a certain influence on the formation of people's consciousness. Therefore, a conversation about fashion is important and serious. Fashion is a social phenomenon and therefore it must be studied and discussed from various points of view.

The well-known saying "they greet you according to your clothes and they see you off according to your mind" has not lost its significance. A person's appearance can say a lot about the traits of his character, about tastes (good and bad), and about his relationship to the surrounding world of things, thus reflecting his moral orientations of behavior and the ethical norms that the person adheres to. This interrelationship is particularly strong in young people.

If you take a close look on the street, the sporting style of dress has already existed for many years and, by all appearances, it will continue to dominate for some time. But at the same time, young men and women prefer bright and decorative clothing with a large number of emblems, symbols or thematic illustrations. It seems that summer clothes are adorned with every conceivable image! Unfortunately, by no means all of them are worthy to be an embellishment of our summer outfit. But they are bought and worn. Why? you ask.

In our institute, where work is being done on the future trends in fashion and the artistic and coloristic presentation of consumer goods, much attention is being paid to questions of popularizing fashion and clothes culture. One of the forms of propaganda is the permanent show, where an assortment of the products of light industry is presented. Some of the stands are devoted to articles with domestic symbols and thematic designs produced by enterprises of the USSR Ministry of Light Industry and the ministries of local industry as well as domestic services for the public. Widely presented are fashions, knitwear, belts, handbags, brief cases, satchels, handkerchiefs and scarfs.

They are made using the most varied techniques, including weaving, stuffing, applique, embossing, embroidery and printing. Various themes are reproduced, including festivals, sports, anniversary dates and views of cities. For children's clothing, there are a number of themes that have to do with traffic safety and the heroes of Russian folk tales that small children love. Almost 2,000 exhibits were brought together for the show.

Symbols on clothing and thematic designs are not simply elements of style. They, as in the case of posters, are made vivid and laconic and are perceived immediately by acting on the senses and consciousness of persons, whom they cannot leave indifferent. This assortment includes some large quantities and that means that it can have a significant impact. Since the beginning of the Five-Year Plan, 7 million articles of knitted goods were produced with various designs. Next year, the stores will receive 40 million. Therefore, this output must meet very high criteria.

There are outstanding patterns from the Moscow Experimental Knitted Goods Factory of the VNIITP [All-Union Scientific-Research Institute of the Knitted Goods Industry], the Tallinn Marat Production Knitted Goods Association and the Velikolukskaya Knitted Goods Factory. There are a number of excellently made handkerchiefs, handbags, satchels, and items of porcelain and ceramic. This production is characterized by a vivid range of colors, expressive designs, interesting printed inscriptions, and a high level of art and work quality. Therefore, these goods are bought eagerly.

Unfortunately, however, there are bad products. In some, the use of stylization is unsuccessful and unacceptable for textiles. In others, there is a depressing overload of composition, low-quality imagery, faded printing and an unsuccessful coloristic presentation. The show is a graphic lesson and a practical help to specialists producing articles with symbols and thematic designs.

In striving to please unpretentious tastes, some enterprises of the Ministry of Local Industry and the Ministry of Domestic Services for the Public, not being concerned about the moral level that they are presenting to our society and above all to young people, are issuing high-demand goods, in which they blindly copy low-quality foreign advertising products.

Such items are not harmless. It is not just that they contribute to the spread of bad taste. Willingly or unwillingly, they are implanting political infantilism and omnivorousness. And this leads to serious distortions. On our streets today, we can sometimes see young men and women wearing clothes

with images of the American and English flags, symbols of countries that belong to NATO. This category of young people does not stop to think that the flag of the United States has become a symbol of a threat to the world and of a threat to the freedom of peoples. And such "original" jeans and militarized shirts are not acquired in stores. In striving in every way to reach world "standards," their advocates are feeding speculation without being the least concerned about the ethical (yes, and political) aspect of such a step.

They will tell me that jeans with the brand of well-known foreign firms are comfortable, well sewn and practical. But often that is not the main attraction for their owner. He most often boasts about the high-sounding name of the firm, affirming his falsely understood prestige.

Not so long ago on the street, I saw a young man wearing a T-shirt with the inscription "Los Angeles 84." It has long since become known that U.S. authorities are trying to use the Olympic Games as a "cold war" battlefield for carrying on an anti-Soviet campaign. Our country has declared the impossibility of participating in the games of the 23rd Olympiad, which is being carried out in the city of Los Angeles. But they continue to wear the items with the symbols that have discredited themselves.

In our time, so full of international contacts, economic, scientific and trade ties, and a broad development of tourism and international sports contests, there is an increasing mutual interweaving of cultural and material values, including clothing. The artists and modelers of the entire world are making wise use of elements of the Russian national costume and ornamental folklore motifs in their own models. There is no shortage of foreign articles in our stores. In duly appreciating the goods that are offered, we acquire what has been well and beautifully made. Unfortunately, however, the desire to have original things is becoming an end in itself for some of our young people, and the desire to acquire "unordinary" foreign goods is becoming dominant. And then T-shirts with an incomprehensible foreign text, by no means always neutral, become commonplace.

The desire for things is a dangerous illness. It is even more dreadful because it infects those young minds that are not yet strong morally and ethically. And boys go out onto the streets in jeans that have been worn white, bought by their parents for fabulous prices. Girls stroll about in sunglasses, on the lens of which a foreign label is left for "prestige." How can one fight against such occurrences? Above all by teaching taste and the ability to understand the true value of things--the esthetic, functional and ideological rather than just the monetary value.

It must be said that the schools are still paying little attention to these problems. Meanwhile, life itself is linking questions of material culture with morality and ideology. It is essential to discuss the trends and influences of fashion delicately and thoughtfully. A categorical rejection of some undesirable phenomena or other will only evoke protests among youths. The practice of prohibitions does not produce the desired results.

But, of course, any propaganda of our esthetic ideals and the study of the complex relationships of fads with the mood of public consciousness must be

supported by the corresponding material foundation. Now, therefore, we see the particularly acute question that it is essential to improve substantially the work of many enterprises that provide us with shoes, clothing, furniture, dishes and other articles of everyday life. It is necessary to have even more effective output with domestic symbols and thematic designs so that the products can be attractive through vividness of colors and expressiveness of images. And to do that, it is essential to combine the efforts of specialists from various sectors. We expect high-quality dyes from chemists, fabrics from textile workers and designs from artists. Then the brand of any enterprise producing finished goods will be a guarantee of outstanding quality.

As we see, the conversation about clothes culture is also a conversation about the most important moral categories. Young men and women are participating most actively in the economic and cultural development of Soviet society. They are making a large contribution to the further prosperity and the consolidation of the might of their homeland. It is no accident that Comrade Konstantin Ustinovich Chernenko, in one of his speeches, stressed that the fulfillment of plans for the next five-year plan and right up to the beginning of the next century depends to a considerable degree on the bold thinking and the labor conscience of today's youth, precisely those who are now of Komsomol age. It is all the more important to do everything possible to see that our national consumption goods meet the high demands of our society and our young people and that they are worthy of them.

#### More State Control

Moscow KOMSOMOL'SKAYA PRAVDA in Russian 20 Jul 84 p 2

[Article by S. Brovashov, Lipetsk Oblast: "Levi Strauss of Lipetsk?"]

[Text] The interior of his office is austere and moderate in a businesslike style. Let us put it this way: Babayan represents the older generation which knew neither discotheques with their music and lights nor jeans, nor recorders with "rock," nor T-shirts with vivid inscriptions.

But Al'bert Semenovich has a son, a student at the Moscow VUZ, who, like millions of other young people, is familiar with all of this. And the elder Babayan is also over an entire factory for weaving and knitted goods, be it relatively small.

The factory is entirely set up to produce consumer goods. It is only 5 years old. It is not so easy for a new enterprise to attract buyers to its stand at a fashion fair. It is necessary, as they say, to stand out in some way. The Usman' people took a look around and saw that some young people were attracted to clothes with designs at the same time that the enterprises in the oblast were not producing such goods. The factory had not yet brought its staff up to full strength, but "opportunity" handbags with "little pictures" had already begun to come off the assembly line. The article turned out to be marketable. But here journalists from the oblast youth newspaper intervened. They asked some reasonable questions: Why are "Marlboro" cigarettes being advertised? Why is there an image of a "Mercedes Benz" automobile?

"What about it," asked an indignant artist with a keen sense of demand, "do you want us to draw a tractor?"

No, Al'bert Semenovich has not smoked Marlboro cigarettes and he has driven neither a tractor nor a Mercedes. But he believed and believes that their factory must be in step with fashion. After the feuilleton, the artistic-technical council of the oblast administration of local industry advised the Usman' people to be more circumspect in their themes in the future.

Four years passed. The Usmanskaya Factory grew from R30,000 to R3.2 million in annual gross production.

"That is our production," says Aleksandr Khromchikhin, chief manufacturing engineer of the enterprise, with the gesture of a hawker as he shows their production.

Our eyes grew dim from the festive inflorescence of colors. Blouses and sweaters, children's underwear and handbags. Jerseys, T-shirts and bed-spreads....

"But why are the inscriptions in English?"

"You know, fashion."

"And what sort of a cowboy is that riding a cow?"

"A 'rodeo'--another type of sport.... And here is a domestic motif," Aleksandr carefully stroked the bedspread with the insipid deer, frozen in flight apparently back in the 19th century.

Yes, a wall as grown up. And what about ideas?

"Ah, my dear friend," summarized the director, "we know what is needed. My son is a student."

"Well, what...."

"He will not put on a jersey from our factory," said Babayan sadly. "Give him an imported...."

Thinking about what I had seen and heard, I glanced at the oblast exhibition of samples of consumer goods. Alas, to this day many enterprises do not see the universal inclination of young people to "illustrated" things. The exhibition, brought to Lipetsk by the Soyuzpromvnedreniye Association of the USSR Ministry of Trade, was not flashy.

"And there is a good deal of fashion in such goods," said Vladimir Mikov, deputy manager of the section for working and rural youth of the Komsomol obkom. "And it 'is fed' mainly through imports or primitive 'private enterprise.' For example, in the Lipetsk 'Trikotazh' studio, they worked out the production of printed T-shirts. 'Levi Strauss,' 'Superstar'.... We closed down that shop. But you cannot close the market. We learned that not just

Lipetsk people are trading with the 'firm' but outsiders as well. Of course, not much can be said for the quality of the ideas of the designs. Could oblast enterprises help somehow? Without a doubt. Dinamo is such a factory.

In a conversation, L. Vlasova, secretary of the artistic technical council of the oblast administration for local industry--that council that decides whether to approve or reject a "label" and that once gave the Usman' people its approval to issue handbags with "Marlboro" on them--generally called all of this "a mess."

"When we examine such questions," explained Lyubov' Ivanovna, "we generally call upon Goloshchapov, the authorized representative of the All-Union Association for Copyrights. He is our authority."

"They have not been calling upon me recently," said Yuriy Mikhaylovich, "and what is my function here, when T-shirts, handbags, etc. are not included in the list of those items for which we are called upon to protect copyrights? That is not art."

But certainly all of that is not and cannot be neutral. Designs, labels, emblems and symbols do not simply attest to something; they cry out, preach and agitate. How come Komsomol workers capable of attracting creative forces cannot find access here? Perhaps that should be public bureaus or associations with the right of "veto" or with the right to give advice and help.

We have already understood what we do not need. The RSFSR Ministry of Local Industry, for example, in considering press declarations, "released" for the periphery a circular in which it asked not to permit in the future the production of items with the portraits of famous personalities and actors... But what is just a method of denial, of exclusion. Where is the positive program?

From the editor's office:

Thus, the symbols on the articles produced by Usmanskaya Factory leave a lot to be desired. But it is possible that this factory is an annoying exception and that its output is but a drop in the bucket of bright and flashy and above all truly youthful soccer jerseys. Alas....

To be fair, it must be said that in terms of quantity the increase in items with unit printing, that is, symbols, is imposing, being numbered in the millions. We are not going to be deceived, however. As before, a year or two ago, you hardly find a young person on the street wearing a T-shirt with the emblem, for example, of the key Komsomol construction project. Last year, based on an order by KOMSOMOL'SKAYA PRAVDA, a little more than 20,000 T-shirts were issued with the youth emblem. They literally dissolved in the mass of many millions. The same thing can also be said about other contemporary design themes. In other words, quantity is still being converted to quality too slowly.

Witness to that are almost 700 amateur and professional authors and artists and ordinary readers of our newspaper who sent in their sketches to the contest "Symbol" that was announced by KOMSOMOL'SKAYA PRAVDA along with the

Komsomol Central Committee and the USSR Ministry of Light Industry. We can tell the authors of these letters that yesterday at its regular session, the contest jury selected about 20 works, some of which will certainly go into production. And the "Symbol" contest is continuing.

It is obvious, however, that it is hardly possible to solve the problem in this way only. Nevertheless, the professional artists working at the knitted goods enterprises have a decisive say here. Unfortunately, artistic-technical councils and all sorts of exhibitions of knitted goods show that few of their designs are truly current, reflecting the pulse of the time and using appropriate means to propagandize precisely our life style. And even these designs are reaching the store counters very slowly.

Judging by everything, therefore, the USSR Ministry of Light Industry, the RSFSR Ministry of Local Industry, and the Komsomol committees have much work ahead of them. And it is essential to do it as quickly as possible.

#### Quality Control for Sports-Shirt Labels

Tallinn SOVETSKAYA ESTONIYA in Russian 26 Jul 84 p 2

[Article by Ya. Allmere, head of the department for light industry and consumer goods of the Estonian CP Central Committee: "What Motto on the Sports Shirt?: On Some Problems in the Production of Items With Domestic Symbols"; indented passages appear in boldface in source]

[Text] The Soviet people are characterized by an active civil posture, a vital interest in all State and public matters, and an enterprising and creative attitude toward work.

Love for their fatherland and pride in their homeland are emotional expressions of Soviet patriotism. From a very early age, these feelings form one's identity for an entire lifestyle. In this process, there is not and cannot be anything second-rate.

Today, however, in resisting bourgeois propaganda, we sometimes find ourselves in a difficult position, for we are forced to fight against what we ourselves sometimes make way for. We are, for example, talking about the unhealthy enthusiasm for foreign fashion and Western symbols alien to our way of life.

As an analysis shows, there are quite a number of reasons for the cited phenomena, including a lack of thought in making State import purchases, an acute interest on the part of some of our tourists in "exotic" things, and a lack of ideological consistency by individual Soviet citizens in contacts with citizens of capitalist countries, including emigrants. But the main reason seems to be that at the present time the most varied symbols are starting to occupy a more and more important place in public life. More and more often they are seen on clothing. And they do not simply adorn it. An ingenious emblem mainly reflects, and consequently propagandizes, some life style or other.

Precisely for this reason, domestic symbols must without fail carry an ideological and educational "load." It has become obvious that the development of symbols is not just a tribute to fashion; it is based upon legitimate needs and requires close attention. For under the conditions of abundant information, a vivid design on a jacket or an advertising monogram on a travel bag helps to give an immediate characterization of their owner, his convictions and attitudes toward those around him. All of these aspects acquire considerable significance in the youth movement and in the means of self-affirmation of young people.

As is known, the 12th Worldwide Festival of Youth and Students will take place in Moscow in the summer of 1985. Naturally, every young person would like to put on a soccer jersey with festival symbols. In addition, UNESCO has declared 1985 to be International Youth Year. In this connection, our modelers must equip youth with a large selection of articles and also souvenirs with Soviet symbols.

As a whole, in presenting consumer goods, it is recommended that one use current themes reflecting the creative labor of the Soviet people, the struggle for peace, friendship among nations, the conquest of space, our heroic past, important events in cultural life, and physical culture and sports. Symbols are called upon to propagandize socialist ideas and new communist traditions and to instill love for our native country and pride in our homeland. In the subjective opinion of the author of these lines, one should also not forget the necessity, in creating symbols, of making extensive use of such themes, for example, as respect for collective labor and the need for it, high professionalism, and the achievements of domestic science and technology.

To be fair, it should be noted that at republic enterprises of light and local industry, much is being done to increase production and to improve the assortment and quality of goods with domestic symbols that are in great demand by the population. All samples of such goods with symbols, designs and mottos are examined at artistic councils of ministries and departments with the participation of trade workers, who decide whether or not to introduce the goods into production. The quantity of items to be produced is determined and controlled by the ministries and departments. In presenting goods, a recommended current theme is often used. Considerable experience has been accumulated in manufacturing souvenirs for public-political events and anniversary dates.

The party organs of the republic pay constant attention to the production of consumer goods, viewing it, among other things, from the position of the patriotic education of the Soviet people as well as counterpropaganda and the struggle against foreign ideology. In particular, these problems were examined at the All-Union Scientific-Practical Conference on Questions of the Ideological Struggle and Political Education of Workers that took place in Tallinn in October 1982, and in the material of the 10th Plenum of the Estonian CP Central Committee (in April 1983).

Operating under the Estonian SSR Council of Ministers is an Estonian republic artistic council for industrial art. Quite recently at a council meeting, there was discussion of the information on the work to produce consumer goods with domestic symbols and on the quality of the ideological and stylistic level of these goods.

At the same time, more local initiative must be shown. A graphic example is seen in the fact that the Pyarnu Party Gorkom, together with the ispolkom of the SND, developed and confirmed in June of this year the conditions for the city competition of the best samples of consumer goods with city symbols.

In 1983, the enterprises of the Estonian SSR Ministry of Local Industry produced more than R4 million worth of articles with symbols, and enterprises of the Estonian SSR Ministry of Light Industry produced almost R1 million in these goods. Leading in this work are the Tartu Experimental Plant for Plastic Products, the Salvo Factory, the Flora, Marat and Uku associations, the Linda Combine and the Tarbeklaas Plant.

Often, however, our symbols on goods are implemented at a low ideological, artistic and technical level, which lowers the demand for domestic products and gives rise to an unhealthy interest in part of the population for imported goods with emblems that most often are ideologically harmful.

The mass media and trade-union and Komsomol organizations, in turn, are still doing a poor job of forming public opinion against the senseless use of foreign symbols and they are not demonstrating the required firmness of principles in this matter. Some young men and women strive at any price to acquire things with the patches of the firms Adidas and Montana. The appearance of our athletes in uniforms produced by foreign companies sometimes produce an undesirable echo.

It appears that what is needed is not an abstract dream but an honorable and realistic goal for the republic's light industry so that our athletes could defeat their opponents in sports costumes with the emblem "Marat" or, let us say, "Vyrus King" running shoes would outdistance Adidas shoes.

In producing goods with emblems and designs, not enough consideration is being given to the increased esthetic tastes and demands of the Soviet people, to national characteristics, and to age, professional and other features of various categories and groups of the population. It rarely happens that one finds clothing being sold for school children, adolescents and students that has an artistic styling with a patriotic content. And the output of items with pioneer attributes also falls short of the increased demands.

We cannot forget even for an hour that today it is precisely the all-round international education of young people that determines the success of all ideological work in the future. The party must therefore direct more attention to concrete and specific forms of working with young people.

The ideological-political and moral education of youth has become a matter of primary importance for party and Komsomol organizations. In conforming

to the orientations of the June (1983) CPSU Central Committee Plenum, it is essential to carry on this work on a wide front, with consideration being given to the specific characteristics of the various categories of young people, the level of their education and awareness, and their interests and inclinations. One must cover all areas in which the personality of the young person is formed and constantly strengthen military-patriotic training.

It appears that aggressive and comprehensive symbols can play a significant and positive role both in the struggle against the ideological intrigues of imperialism and in propagandizing humanistic ideas.

The subject of this article also requires that we dwell without fail on the "carriers" of the symbol, that is, primarily on the product itself with the emblem and secondarily on the person for whom the product is intended.

The "item-carrier" must possess a high level of quality, for only a functional, attractive and fashionable object can fully satisfy the contemporary young consumer.

We are all threatened by a sedentary life style, and that is the reason for the necessity of a mass orientation toward physical culture and sports, which in turn produces the understandable inclination of young people toward sports clothes and shoes. Along with being functional, sports clothes create the possibility, for example, of a greater outward manifestation of youthful beauty. With increased prosperity, people want to look more beautiful, more refined and more elegant, and they want to be in step with fashion. This is natural. Unfortunately, however, workers in trade and industry often term the zigzags of demand that are inconvenient for them fashion fads. As a rule, such workers understand the word "fashion" to mean a transitory popularity, the supremacy of some or other tastes in external forms of everyday life, especially in clothing. But for the contemporary producer, another side of the phenomenon is more important. Fashion [moda] (from the Latin "modus" meaning measure or size) gives the developer precisely those basic conditions, parameters and directions that require not individual specimens but large series of relatively uniform and essentially identical goods. At the same time, these goods should not be completely identical, for it is always desirable to have several variations of individual elements within the framework determined by fashion. Symbols can serve as such a "clever distinction."

Consequently, fashion is a powerful factor and one can say that it is a lever for the development of contemporary mass, large-series industrial production of consumer goods. In short, there is a "fulcrum" and a "lever." The actuality of the question involves causing the producer to "apply full power" to that lever, that is, to give the necessary dynamism to the process.

An analysis of the interaction of symbols and fashion is worthy of separate consideration. But it is clear from what has already been said what responsibility rests on the creators of symbols and on the "lawmakers" of fashion, especially in the formation of the ideological-esthetic views and the world view of young people, the most sensitive category of the population in this respect.

In his speech at the June (1983) CPSU Central Committee Plenum, Comrade K. U. Chernenko noted: "What is needed is more active and purposeful work in forming the rational demands and interests of the individual." This problem is extremely complicated. For example, it is desirable that young people grow up to be thrifty but under no circumstances should that become acquisitiveness. It is completely natural that people in a socialist society are beginning to pay more attention to fashion, for example. The important thing is that that striving does not become a goal in itself.

It remains to be desired that the collectives of republic enterprises that produce consumer goods take the necessary concrete measures to increase production, expand the assortment, and improve the quality and the styling of goods with domestic symbols, patriotic designs and mottos.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### LISSR TRADE MINISTER ANSWERS READERS ON CONSUMER SERVICES

Vilnius SOVETSKAYA LITVA in Russian 20 Jul 84 p 2

[Correspondence Interview with P. Mitskunas, LiSSR Minister of Trade: "The Customer Evaluates"]

[Text] The editorial office receives a considerable number of letters that in varying degrees are concerned with the organization of trade services for the population. The readers are interested in the development of the network of trade enterprises and public eating facilities; they voice their opinions concerning the level of services and make suggestions in regard to improving the services and marketing a sufficient volume of goods. On the eve of an occupational holiday, i.e. the Day of the Trade Workers, the editorial office asked P. Mitskunas, the LiSSR Minister of Trade, to answer some of the letters received.

[Question] Concern for the consumers--this is to ensure that the stores carry a sufficient quantity and a broad assortment of top-quality goods. How do the trade workers obtain from industry the goods needed so as fully to meet the demand of the population? (G. Kul'byatskene, brigade leader at the Shyaulyay Leather Haberdashery Factory.)

[Answer] The developmental level of industrial and agricultural production that has been attained in the republic enables the trade organizations more fully to satisfy the demand of the population for consumer goods. Thus, in 3 years of the five-year-plan period the republic's industrial sector exceeded by 1.6 billion rubles the trade supply target and for the most part these were goods in great demand.

The local councils of people's deputies and the rayon and city committees of the Party give us effective support. On the initiative of the Vilnius Party Gorkom, for example, there has been organized a permanent exhibition of models of consumer goods recommended for introduction in the enterprises of all sectors.

All of the novelties recommended for production undergo a strict selection process in the experts' council at the Lithuanian branch of the Union Industrial Introduction Association [Soyuzpromvnedreniye].

The republic-wide wholesale organizations do a great deal of work. In addition to the wholesale trade fairs, business strategy meetings are being organized for specialists of the trade and industry sectors; at these meetings, product delivery agreements are supplemented and worked out in greater detail. In accordance with suggestions made by the workers from the trade sector, the production workers have promptly taken steps to improve the quality and durability of footwear, sewing articles and knitwear. The close contact and mutual interest have helped to reach an understanding on changes in the assortment of goods valued at over 42 million rubles.

The problem of marketing a sufficient volume of goods remains, however. And even though the sector as a whole fulfilled the retail goods turnover plan for the first 6 months, the increased purchasing power of the population calls for still greater flexibility and coordination on the part of both the industrial and the trade sector. We now have begun to introduce a system involving comprehensive study and forecasting of consumer demand. This work is being carried out in cooperation with the industrial ministries; it will help us in trying to find supplementary reserves for producing in due time the goods needed.

[Question] It is said that a good product sells itself. In my opinion, this is only partly true. If the salesman is indifferent toward the customer and if in his section he rather discharges the duties of a watchman, then even a good commodity cannot find its buyer. What new forms of work organization are being introduced in the sectors so as to improve work efficiency and raise the level of services? (O. Shabanene, teacher, city of Elektrenay.)

[Answer] The greater the saturation of the market with goods, the greater is the necessity to learn how to trade. Very often, an inattentive, indifferent attitude of the salesman toward the customer means a purchase not realized and consequently, arrears in commodity turnover. Thus, all-out improvement of trade organization is an important resource in regard to raising the level of services and increasing the commodity turnover.

Checkups have shown that in many stores modern sales technologies have not been mastered and that the commodity assortment is inefficiently placed, without any regard for demand or special seasonal requirements. The customers spend much time waiting at the checkout points or searching for a needed item. As yet, our reference and information service has not been set up satisfactorily.

At present, we are experimenting with introducing a new system of evaluating the work of the trade employees. Its main point is to stimulate improvement of service, to try to ensure that the stores always have in stock a broad assortment of articles. The introduction of forms of teamwork, which has recently been started in the sector and which involves use of a cooperation coefficient, is expected to help attain this objective. The first work results of the Kaunas, Vilnius and Shyauliay trade enterprises have shown that in our sector, too, this form of work organization is very effective.

[Question] The press frequently reports on efficient trade organization in one store or another and even in an entire town. It often mentions the fact that in some places, e.g. in Klaypeda, people are able to shop without having to stand in line and that innovators and people showing initiative are active there. What is being done in the sector to disseminate advanced know-how? (L. Kleyenysheva, workwoman, Kaunas film network.)

[Answer] The enterprises of the Klaypeda Trade Administration have in fact become unique laboratories for the introduction of advanced methods of trade organization. Establishment of specialized stores, introduction of packaging equipment and of dispatcher service--these forms of work organization are now being widely applied in the republic. In the Kaunas and Panevezhis trade administrations, a great deal has been achieved in regard to raising the level of customer service.

In the specialized schools providing advanced know-how, which are being organized by the coordination council of the Ministry for the Study and Introduction of Advanced Experience, the students learn all of the most advanced skills in work organization and technology that have been accumulated by the store collectives and public dining enterprises.

The vocational skill competitions command great prestige and recognition. Showing masters of their field, these competitions help to advance the occupation's prestige. Among the winners of this year's competitions were the following individuals: Layma Katinayte, a saleswoman from Shyaulyay; Layma Birzhetene, a cook from Panevezhis; Mariya Belkevichyute, a pastry cook from Kaunas; Rimantas Lileykis, a waiter from Vilnius. They are models for comparison in our sector.

[Question] The Decree of the CPSU Central Committee and of the USSR Council of Ministers on the Improvement of Trade Organization speaks of the necessity to speed up the technical improvement and equipment of the trade and public dining enterprises. How is this work proceeding in Lithuania? (A. Luk'yanov, turner at the Litbytkhim Association.)

[Answer] Today employment of active forms of trade is assuming special significance. For this reason, the internal makeup of our trade enterprises and the nature of their work are changing before our very eyes.

Giving up the previously prevailing linear arrangement of the trade equipment, the stores selling manufactured goods have now begun to place the goods in accordance with the principle of "a store within the store." Its main point is to form individual microcomplexes of goods and to place them in the salesroom in accordance with the intensity of consumption in combination with the sale of accompanying goods.

Of late, the specialists of the sector have introduced a large number of technical innovations that help to raise the service level and to improve labor efficiency. Toward the end of the five-year plan, approximately 80 percent of the foodstuffs will be shipped in containers. The economic gains from the introduction of packaging equipment are expected to amount to approximately 2.1 million rubles.

Thus one of the points of the program for comprehensive trade mechanization is being implemented. At present three comprehensive special-purpose programs are in operation in our sector.

[Question] In the last few years, convenient, well-equipped trade complexes have been built in the republic. Are there plans to put in operation any more new trade enterprises? (D. Skeberene, engineer, Panevezhis group of the Orgtekstroy Trust.)

[Answer] During the five-year-plan period, 114 stores, 76 public dining enterprises and 7 trade complexes have been put in operation. This year, opening ceremonies took place in new workers' dining halls in Kaunas and Shyaulyay. In Vilnius, the "Pumpuras" store for young people's fashions was opened. In Panevezhis, a new cake shop turned out its first products, and in Klaypeda, two big food stores were added to the trade network.

There have been many opening ceremonies, each of which testifies to the consolidation of the material and technical basis of trade. Presently the finishing touches are being applied at the Kometa Trade Center in the Karolinishkes microregion at Vilnius. An identical complex will be built in Sheshkina. In the Kalnechyu microregion at Kaunas, it is planned to erect a public trade complex. A large-scale market is being built in Panevezhis and there are plans to set up a department store there. According to long-term plans, large-scale department stores will be built in Shyaulyay and Palanga.

The city trade networks are continuing their specialization efforts. In Vilnius, for example, a specialized store by the name of "Moda" [fashion] will be opened. Enterprises of a similar type will study and try to forecast consumer demand.

The workers of our sector are presently working by the motto: "Perfectly made--perfectly sold." In the collectives one everywhere senses a mood focused on intense work, on painstaking fulfillment of the obligations assumed.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### LISSR LOCAL INDUSTRY DEPUTY ANALYZES ECONOMIC EXPERIMENT

Moscow KHOZYAYSTVO I PRAVO in Russian No 6, Jun 84 pp 27-30

[Article by V. Gikis, first deputy minister of Lithuanian SSR Local Industry, and A. Ignatavichyus, our non-staff correspondent: "Intensive Work in the Future"]

[Text] Sometimes they call local industry the industry of a "thousand trifles." And indeed the 8 production associations, 13 enterprises and several individual small production units of the LiSSR Minmestprom [Ministry of Local Industry] produces about 5000 kinds of goods, from furniture and household appliances to dishes, in all 264 million rubles worth per year.

Starting 1 January 1984 the industry has begun to conduct a large-scale economic experiment. Its main goal is to open up a broader scope for the economic initiative of enterprises and associations.

The overall guidance for carrying it out in the republic's local industry is placed on an interdepartmental commission under the LiSSR Gosplan. The corresponding commission of the ministry headed the preparatory work and analogous joint agencies have been established in the associations and enterprises. They worked out procedural documents and developed calculations for standards and limits. In each collective, whether it is a shop or a brigade, and at each place of work the people were inspired by the thought that the success of the experiment depends precisely on them.

At the present all economic activity of the industry is examined in light of the experiment in the republic's Minmestprom. The managers and workers clearly understand that the previous store of knowledge is not enough to actively form a new type of economic thinking. Therefore a majority of workers took special courses or acquainted themselves with the goals and conditions of the experiment in detail.

The matter of preparedness for the experiment was discussed thoroughly and in detail at a meeting of the Ministry's party and economic aktiv. The labor collectives also saw their own reserves more sharply: the industry can produce 1 million rubles worth of goods above the plan. At the same time the fund for socio-cultural measures will increase by 11.3 percent. And this will make it possible to direct approximately 1 million rubles toward the construction of dwellings, which is 3 times as much as in 1983.

During the experiment the effectiveness of a whole series of measures to improve the entire mechanism of administration and management in associations and at enterprises is to be tested in practice. We must establish those conditions which, first of all, will interest each member of the collective in accelerating the growth of production efficiency and in the most rational use of all kinds of resources; and secondly, will promote responsibility for the results of their work.

The ministry's production collectives began the experiment with quite a good inventory of unfinished products. Plan assignments and socialist obligations for 1983 have been successfully fulfilled. For the first 3 years of the 5-year plan the assignments for rate of growth of the volume of production and labor productivity have been exceeded.

I think that there is no point in dwelling in detail on a description of the essence, goals, and means of carrying out this experiment. The general public is sufficiently informed about this. Let us mention only the basic, most significant points. Through agreements with trade union committees, managers of the sector's economic bodies are now permitted to establish additional payments for combining occupations (posts) through savings in the wage fund. This is allowed, without the approval by higher agencies of the list of occupations being combined, for workers belonging to various categories of personnel, including office workers. They are also permitted to establish salaries for highly skilled employees employed in especially important and crucial work at the rate of up to 230 rubles per month.

Additions to the wage rates of workers of the 4th, 5th, and 6th categories can be increased by 16, 20, and 24 percent respectively for fulfillment of especially important assignments.

In some associations special statutes have been developed and approved and specific measures outlined with the purpose of establishing a savings in the wage fund.

The right to introduce increases of up to 50 percent in the salary of directors of subordinate associations and enterprises is granted to the ministry.

An enterprise's manager can establish increases up to 50 percent of the salaries of highly skilled engineering and technical personnel and office workers, and can revoke them if the indicators decline. Under the experiment's terms the payment of bonuses is aimed at the economic expenditure of raw materials and materials: after a<sup>ll</sup>, now 50 to 70 percent of the value of the resources saved will be directed to the payment of bonuses to the industry's workers.

The legal service of the LiSSR Ministry of Local Industry (A. Nauykas, senior legal advisor) carried out considerable work to insure the successful realization of tasks facing the industry by legal means.

Procedural recommendations concerning the participation of legal services in the organization of contract work as well as for insuring fulfillment of obligations for delivery of output in accordance with contracts concluded have been sent out to the associations and enterprises. In particular, it is recommended that work to organize the accounting and monitoring of fulfillment of economic contracts be centralized and concentrated in one of the services.

A recently developed statute "Legal Support for Product Quality Control" has begun operation in the ministry's system. Measures are provided for in it to exert influence on those guilty of producing output of unsuitable quality.

It is impossible to carry out the experiment without strengthening production and labor disciplines. The legal services of the industry's enterprises and associations are taking all the necessary steps in this direction. The responsibility for strengthening the struggle against unproductive losses and for insuring timely reimbursement to enterprises for damage caused is entrusted to them by one of the orders of the ministry.

Under the experiment's terms the legal services of the industry's enterprises and associations have begun to pay more attention to the legal problems (to insuring legality) of wages and to the elimination of the causes of interruptions and breakdowns in production work and also have improved the organization of claim and suit work.

A rational, efficient approach to the experiment permeates the relationship of all workers of the industry's enterprises and associations to it. The collectives of the Dovana, Metallistas, and Neringa associations, the Atrama and Elektrotekhnika plants, the Danga Factory and others have actively joined in it.

Whereas formerly 26 obligatory indicators were handed down "from above" to the Neringa Association, now there are only 6. The use of stable economic standards has also gained very important significance in planning. Complete independence to use production development funds and assets intended for modernization and technical re-equipping has been granted to the association.

The collective also can more freely manipulate the wage fund and encourage highly-skilled, active, creatively-thinking workers. Now the amount of the bonus for each person depends directly on his contribution to the common cause.

Interest in the results of overall labor and of a shop's collective has increased: since the beginning of the experiment a new indicator has been established; standard shop profit, proportionately to which the material incentive fund for each of these subdivisions is created.

The Neringa Collective revised the 1984 plan for the sale of output in the direction of a more than 300 thousand ruble increase. It has been decided to increase labor productivity by 1 percent above the established plan, and lower

production cost by an additional 0.5 percent.. It is planned to increase the volume of production from waste products by almost 1 million rubles compared to the amount planned. Profit should increase by 187,000 rubles and the material incentive fund by 40,000 rubles.

It is pleasant to note that the relationships with suppliers of raw materials and materials has improved.

Now it is particularly important to strengthen the discipline for deliveries of output as contracted. You see, for each percent of contractual obligations unfulfilled the enterprise's material incentive fund will decrease by 3 percent; but with complete fulfillment it will increase by 15 percent.

After careful preparation the Dovana Craft and Souvenir Production Association has begun work under the new terms. In particular, it was granted the right to independently carry out scientific research and planning and design work directed at improving the quality of the output being released, updating its assortment and developing, mastering, and introducing into production new technology and consumer goods in great demand. For this the ministry has allocated a portion of the assets of the unified fund for the development of science and technology.

The procedure for coordination and approval of sample standard articles and standard technical documentation has been simplified to speed up the introduction of new types of consumer goods into production.

Under the experiment's terms the amount of the enterprises' and associations' material incentive fund depends directly on the final results of their work.

The first months of the industry's work under the new conditions make it possible to expect that fulfillment of plan tasks and contracts as well as socialist obligations in 1984 is reliably insured.

At the same time several deficiencies and omissions have become apparent. During January four enterprises did not cope with delivery of output under contract. As an analysis showed, this occurred basically through the fault of the managers of the enterprises which worked in the old way. Several are trying to establish unjustifiably large manpower, material resources and wage fund reserves. A great deal still has to be done to improve the quality of output, especially of goods in greater demand.

There are also problems of a different character. For example, the dates for sending down control production targets by assortment and for holding inter-republic fairs, concluding contracts, and apportioning allocations for material resources are not completely coordinated.

We should also think about how to better stimulate the labor of the personnel of the ministry's administrative apparatus during the experiment. After all preparation for it and the execution itself has caused a significant additional

work load in practically all elements of the apparatus. It is expedient to link its workers' material incentives with the end results of the work of the industry's enterprises and associations.

We are prepared for the fact that work under the new conditions may also suggest the need to resolve those matters which it was not possible to foresee in the beginning and to identify the strongest, and possibly also the weakest spots in the industry's economic mechanism.

For the LiSSR Ministry of Local Industry as a whole the growth of production of output during the first 3 months of 1984 amounted to almost 6 percent and growth of labor productivity amounted to 5.4 percent compared to the same period last year. All assignments for the output of new kinds of products were realized and a considerable number of cultural, personal, and household goods from local raw materials and waste products were produced above the plan. Contractual obligations were fulfilled 100 percent. All enterprises coped with the plan assignments for volume of output sold.

We recognize that the experiment's success depends in the first place on the precise and purposeful work of all sections and workers, beginning with the ministry and ending with those young workers just arriving in a brigade.

There is intensive work ahead and its results depend on each person.

#### Annotation

In B.M. Smekhov's book *Managing with Effectiveness*, Moscow, POLITIZDAT, 1984 page 221, the author says; the effectiveness of economic stimulation not only depends on how it is stimulated, but to an equal degree what exactly is stimulated. The effectiveness of stimulation can be meaningful and valuable only in this combination.

The author of the book introduced does not teach; the book least of all suggests instruction. The author simply shares several of his thoughts about pressing matters in the management of economic work and hopes to prompt the reader to actively join in their solution in practice.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### OFFICIAL ON PRICING POLICY, GOODS OUTPUT PROBLEMS

Moscow IZVESTIYA in Russian 25 Jul 84 p 3

[Article by N. Glushkov, chairman of the USSR State Committee on Prices: "The Goods and the Price"]

[Text] The articles "The Little-Respected Cabinet" (Nos 340/341, 1983) and "This Fashionable, Inexpensive Suit" (Nos 32/33, 1984) and other materials evoked a broad response from readers speaking about the problems in the production of inexpensive and good-quality consumer goods. IZVESTIYA has published a review of readers' letters and the official responses (Nos 92/93, 1984), and has also informed the chairman of the USSR State Committee on Prices about the letters to the editor. In the article published today answers are given to many of IZVESTIYA's readers' questions.

It is obvious that a need exists to illuminate in more detail questions of commodity quality and prices in general. Let me first of all emphasize that planned pricing in the USSR is an integral part of the economic mechanism and is aimed at resolving the most important task of satisfying more fully the growing material and cultural demands of Soviet people.

In order to understand how the retail price system is organized for nonfoodstuffs and for rates for services it is necessary to take into account all the indicators that characterize the level of the people's well-being. Over the past 20 years consumer real incomes have almost doubled. In 1983 the per capita payments and bonuses received from public consumption funds amounted to R495.

In accordance with the decisions of the 26th CPSU Congress, saturation of the market with consumer goods is being effected while maintaining a stable level of state retail prices, and even reducing prices for some things. The prices for clothing and footwear and for many everyday goods, and also payments made for housing and municipal and transportation services, are stable. However, production costs for some goods are growing and retail prices do not always make up for this, and each year the state must allocate significant funds in the form of subsidies. And for some goods, the gap between retail prices and expenditures on some items has noticeably widened in recent years because of the increased prime cost of production in the extraction sectors of industry and in agriculture.

By supporting relatively low and stable retail price levels for most foodstuffs, regular clothing and footwear, and an extensive range of items for children and many drugs, the state insures that they are equally accessible to all strata of the population regardless of their incomes. A relatively higher level for retail prices has been established for some nonbasic goods—cut-glass and jewelry items made from precious metals, small cars and gasoline, carpets, original innovative items of domestic technology, and especially fashion items. Increases in the retail price are also used as a natural constraint on demand in cases where there are shortages of raw materials or production capacities for the production of nonbasic goods or where import possibilities could not be used. The same can be said of commodities for which demand must be restrained by the use, inter alia, of prices, as, for example, wines and liquor and tobacco products. On the other hand, there has been a constant decline in the prices for many kinds of clothing made from synthetics, for watches, television sets, refrigerators and radio and electrical goods, and, as market saturation is reached, for a number of goods whose prices had been temporarily raised.

It follows from the statistics that over the past 20 years the index for state retail prices has risen countrywide by only 10 points, which, with the increases in wages, pensions, grants and other payments and bonuses from public consumption funds, has had virtually no effect on real incomes. And as is known, savings in the savings banks, banks and state bonds are growing.

Today the consumer market in the country is characterized by more selective demand than previously. Because of the relatively high adequate supply of clothing, footwear and domestic appliances, the acquisition of new items is mainly on a replacement basis; and more fashionable articles with improved consumer qualities are available. The range of demand among today's purchasers has become immeasurably broader, and while the demand is still for inexpensive, good-quality goods, demand for high-quality, fashionable items has also risen sharply and become more dynamic. Trade has been assigned the task of being more exacting with regard to industry, and of achieving increased output of articles in short supply, especially inexpensive articles. Of course, as this happens, the stimulating role of the price, which should reflect the quality of goods, their newness and originality and new consumer properties, increases.

Today the list of goods on sale to the public includes more than 1 million different items. All kinds of goods are shown in the existing price lists, with prices from the lowest to the highest. This means that the pricing system creates conditions for the production of the most varied range of goods in accordance with demand from purchasers having different levels of income. Normative price lists are being introduced on whose basis the enterprises themselves can set the prices for new articles without help from the pricing organs.

Initial experience indicates that in general the enterprises are not abusing the right afforded them in pricing. The fact is that, for example, tailored suits made from practical fabrics soon find customers even when they are highly priced, and they do not stay long in the trade network. But if a suit is poorly tailored and made from poor fabric it will not sell even if the price is low,

lower than R70. May such suits have accumulated in the trade network and it has not been possible to sell all of them even during the seasonal sales.

This kind of situation also exists for a number of other goods--footwear, knitted articles, woollen and silk clothing. The problem here is with the quality of the items and their consumer properties, which do not match consumer demand. Of course, it is also impossible to deny the cases in which good-quality, practical and inexpensive goods are "discontinued," [vymyvaniye] as some IZVESTIYA readers have written. Although there are not many such cases, as they say, they do exist.

The pricing system stimulates production of inexpensive goods of great social significance. Thus, in order to get rid of losses associated with the increased cost of raw materials and materials in production facilities engaged in the production of nursery furniture, wholesale prices were set higher than the retail prices. The state offers special rebates off the retail prices for fabrics used for children's clothing. For example, the sewn goods factories obtain wool and wool-mix fabrics at 35 percent discount off the retail price and cotton fabrics at 50 percent discount in order to produce school uniforms.

It seems to me that under the conditions of rapidly changing fashions and growing demand for high-quality goods, it is possible to insure the production and sale of enough inexpensive, good-quality articles that enjoy stable consumer demand only through joint efforts by the USSR Gosplan, industry, trade and the pricing and standards organs. It is essential that the planning organs take more fully into account the features of consumer demand in a population with different income levels. At the same time it would be appropriate to entrust trade and industry with the task of developing a varied minimum range of relatively inexpensive goods (especially for children) that would always be for sale. And the main assessment indicator for the economic-financial activity of the enterprises could be the degree to which trade orders for goods in a specified range and quality are satisfied. And in trade, the material incentive funds should depend on the availability of goods for sale within a proposed varied minimum range.

It was noted in one of the IZVESTIYA articles that shortages have now become acute in two fields: a shortage of the cheapest and of the most expensive goods is being experienced. In response to readers' questions about whether or not any kind of impediments exist from the standpoint of pricing for the output of new, high-quality, fashion goods, the answer is an unqualified: no! As a rule better consumer properties and qualities and renewal of the product range are associated with extra production costs, and the task for prices is to compensate for these costs. Otherwise no one would be interested in expanding the output of new fashion goods.

In order to resolve this task use is made of the practice of temporary prices for new goods with the "N" index, formed from the permanent prices plus an addition. The difference goes to make up for the extra costs incurred by the enterprise in connection with designing and setting up production of the new goods, and also to provide bonuses for the workers participating directly in development. Goods turnover under temporary prices makes up a little over

10 percent of retail trade turnover and does not exert any special effect on the general level of retail prices in the country. On the other hand, however, the interest of industrial enterprises in producing new, better-quality goods is sharply enhanced.

The USSR State Committee on Prices has now substantially extended the rights of the republic pricing organs in the use of temporary prices. Some 100 light industry enterprises that consistently produce high-quality output have been afforded these rights on an experimental basis. Of course, the enterprises must undeviatingly observe the rules for standards and design, and must necessarily take consumer demand into account. The same applies to contract prices for initial test batches and, especially, fashion articles, as determined by agreement between industry and trade.

In and of itself, however, price is not the main factor. I give away no secrets when I say that in the production of goods such as clothing and footwear it is essential as nowhere else to be enthusiastic and engage in a creative search and have artistic taste, that is, the components of the production process that do not require special expenditures but without which it is impossible to create articles that are fashionable and elegant and pleasing to the eye. Even with shortages of essential fabrics, leather, and other kinds of raw materials and decorative materials, and with a narrow assortment, a master can create a fashionable and elegant article.

At the same time it should be noted that the changes that have been made in recent years in retail prices for individual articles have not eliminated all the distortions and mismatches in a pricing system that was established decades ago. And we shall eliminate them persistently. However, we must clearly acknowledge that consistent price decreases are possible only given a steady increase in production volumes and improvements in output quality, and also given the condition of preferential labor productivity growth and reduced prime costs for output in all sectors and spheres of the national economy.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### MECHANISM OF PRICES TO MEET SUPPLY AND DEMAND DISCUSSED

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 3, May-Jun 84 pp 68-76

[Article by N. V. Belokh and V. P. Rusakov: "The Balance of Demand and Supply and the Price Mechanism"]

[Text] The article examines some ways of achieving the balance and conformity of demand and supply of consumer goods. It sets forth limits to the selection of various ways of securing balance that are determined by objective reasons. The article gives basic attention to the necessary conditions whose fulfillment is conducive to the effective utilization of the price mechanism for securing balance between demand and supply.

An important condition of the dynamic operation of the socialist economy is the securing of the balance of natural-physical and monetary-financial flows in it, including the balance between demand and supply of consumer goods [1]. During the stage of developed socialism, the decision of this problem acquires new additional aspects, which are above all determined by the advancement of social goals and factors of development to the fore. Moreover, the urgency of its theoretical investigation and the search for the most realistic and efficient ways of its solution flow from the pressing demands of life itself.

With the transition of our society to the stage of mature socialism and the growth of the prosperity of the population, there is also a substantial change in its needs. The law of the increase of needs receives increasingly more scope for its operation. However, production and other spheres of the national economy still by far do not always react adequately to such growth of needs and the change in their structure. Further improvement is also needed in the price mechanism for the regulation of the correlation of demand and supply of consumer goods and services.

The development of the market of consumer goods, for a long time already, has been characterized by a noticeable structural imbalance: On the one hand, a deficit is observed, including a stagnant market deficit, with respect to a whole series of specific commodities, commodity groups and even entire consumption systems, on the other hand--a relative surplus of a significant number of goods takes place.

The situation of the imbalance between the demand and supply of a number of goods and services leads to negative socio-economic consequences of one sort or another, to which attention has already been drawn in the scientific literature (see, for example, [1-4]).

The complexity of the problem of overcoming the imbalance between the demand and supply of a number of goods and services is aggravated also by the fact that the phenomenon of imbalance under certain conditions possesses the quality of self-reproduction. Thus, for example, the shortage of consumer goods of one kind or another undermines the principle of the material interest of the workers in the results of their work, i. e., prevents the increase of the output of production and the improvement of its quality.

The solution to the problem of overcoming the imbalance of demand and supply presupposes an analysis of the entire system of economic interrelations in the national economy. But here we will dwell only on some questions directly connected with the improvement of the operation of the market of consumer goods. Moreover, we will not analyze the mechanism of the formation of the supply of goods, but as factors determining the current demand of consumers we shall examine only the level of the mobile money income and retail prices for the goods.

Essential for the analysis of the problem of the attainment of the balance of demand and supply is the fact that the imbalance (deficit) has a certain cumulative effect, which lies in the following: The impossibility, in the course of a certain period of spending the amount of money earmarked by the population for the purchase of some kind of commodity (commodities of some kind of group) leads to the development of unsatisfied demand, which partly switches over to commodities of sufficient assortment, and partly accumulates in the form of relatively surplus (surplus in relation to some "normal" level) savings, representing deferred demand. In the subsequent period, to attain balance in conditions of price stability, the commodity funds must (both in terms of their total magnitude and in terms of their structure) correspond not only to the demand determined by the incomes of the current period, but also to the deferred demand which was formed earlier. Thus, the longer an imbalance between demand and supply is observed, the greater will be the level of the deficit, all other things being equal.

The presence of deferred demand not only complicates the achievement of conformity between demand and supply, but it also leads to the fact that the problem of the balance of the market appears as two subproblems--as problems of the resorption of the surplus savings and the problem of the achievement of balance between supply and current demand. And in conformity with this, the process of balancing the market of consumer goods, too, presents itself as consisting of two basic stages: In the first stage, it is necessary to bring the savings to the level of "normal" savings, in the second--to secure the balance of demand and supply of consumer goods in dynamic movement.

In conformity with the goals of the research as possible levers of securing the balance of demand and supply, we will examine the increase in the level of the supply of commodities and services of one kind or another, the change

in the dynamic of the money income of the population, and the mechanism of state retail prices. In so doing, basic attention will be given to the use of the price mechanism. This is connected with the following considerations. Usually the increase of production, and thereby the supply of goods, is regarded as the basic method for overcoming a deficit. However, the possibilities of such a way of eliminating the imbalance are limited because of a whole series of objective reasons. First of all, the accelerated growth of consumer goods production presupposes a significant redistribution of capital investments in favor of group "B", which--in conditions of the existing economic mechanism--inevitably leads to a further slowdown of the overall rates of economic growth, which, of course, is highly undesirable. The second consideration to which attention must be drawn is the limitation of the possibilities of the rapid and exceedingly significant increase in the production of agricultural products, which is determined by the same natural and climatic conditions and by other analogous factors. The third aspect, the limited effectiveness of the increase of production as a method for the quick elimination of the deficit, consists in the multiplicative growth of incomes (and thereby also of demand) with the increase of production volumes, which was pointed out already in the 1920's by V. V. Novozhilov in his article "The Shortage of Goods" (cf. [5]).

The influence of the multiplier effect of the growth of demand in the presence of an increase in supply can be illustrated in a simple model. Let the price for a certain commodity be fixed, and there is a disparity of demand and supply for the given commodity. Let us consider how the correlation of demand and supply changes with the growth of the latter.

Let us introduce the necessary designations:

$V$ --the supply of the commodity;

$S$ --the money income of the aggregate consumer;

$f(S)$ --the Engels function for a given commodity;

$\tau$ --the coefficient of the complete labor-intensiveness (wage-intensiveness) of the production of a unit of the commodity, calculated in conformity with the correlation of wholesale and retail prices.

Let at the initial moment the correlation of demand and supply be

$$\psi_0 = \frac{f(S)}{V} > 1, \text{ i. e., let a certain deficit exist with respect to a given}$$

commodity. The increase of supply by the magnitude  $\Delta V$  leads to the growth of money incomes of the aggregate consumer by the magnitude  $\tau\Delta V$  (here we abstract from taxes and obligatory payments, on the one hand, and from money payments from public funds of consumption, partly connected with the level of wages, on the other). Then the new correlation of demand and supply can be written as a function of the growth of the magnitude of the supply of the given commodity:

$$\psi(\Delta V) = \frac{f(S + \tau\Delta V)}{V + \Delta V}$$

Having expanded the Engels function in point  $S$  in a Taylor series correct within the first derivative and having designated through  $\gamma$  the growth rate of supply, this expression can be reduced to the following form:

$$\psi(\Delta V) \approx \frac{\psi_0 + \frac{df(S)}{dS} \tau \gamma}{1 + \gamma}$$

An elementary analysis of this correlation shows that situations are possible when, for the attainment of the balance of demand and supply, an unrealistically large growth of production is necessary. Moreover, a consideration of the increase of supply as the single lever for overcoming a shortage can lead to externally paradoxical results. Indeed, from the condition  $\psi(\Delta V)=1$  it follows:

$$\gamma \approx \frac{\psi_0 - 1}{1 - \frac{df(S)}{dS} \tau}$$

Then--since the numerator of this correlation is positive (initial was the situation of the shortage of the commodity), and the derivative of the Engels function is greater than zero (which is sooner the rule than the exception)--in the presence of a sufficiently great complete labor-intensiveness the growth rates for the given commodity must be negative, i. e., to overcome the relative shortage of the given commodity, it is necessary not to expand, but to reduce production.

The influence of the multiplicative growth of demand in the presence of the growth of supply is exerted still more strongly if it is taken into consideration that the increase of the production of the commodity, as a rule, requires additional capital investments directed towards the construction of new or the reconstruction of existing enterprises. Taking this factor into account, the preceding correlation can be written in the following way:

$$\gamma \approx \frac{\psi_0 - 1}{1 - \frac{df(S)}{dS} (\tau + k\varphi)}$$

Here  $k$  is the coefficient of complete capital-intensiveness, corrected for the correlation of the wholesale and the retail prices;  $\varphi$  is the average share of the wage in the total volume of capital investments.

It is evident that in this case the probability of a situation when, in order to overcome the deficit, the reduction of the production of the given commodity is necessary only increases.

The restraint of the growth of the money incomes of the population as a factor of securing the balance of demand and supply also has its limits. It is obvious that at least the non-reduction of incomes is a compulsory requirement. However, the realistically lower limit of the rate of increase of the nominal income is set by the

operation of the following two mechanisms as a minimum: Some growth of the nominal incomes is determined by the necessity of an active socio-demographic policy; moreover, relatively autonomous growth of incomes takes place as the result of the increase of the general level of skill, the necessity of regulating the correlations in wages by industries and regions, etc. The artificial restraint of this growth can have an extremely negative effect on the process of the increase of the efficiency of social production (of., for example, [6]).

The third lever of securing the balance of demand and supply examined in this article is the mechanism of state retail prices. For a long time, a view prevailed in the economic literature which can be briefly expressed in the following way: "Soviet price policy does not proceed from the conception of the balance of demand and supply by prices" [7]. However, at the present time an increasingly large number of economist are arriving at the conclusion that an active price policy is necessary to overcome the imbalance of the market of consumer goods. It must be noted that by now there also exists a certain practical experience of the regulation of the correlation of demand and supply with respect to a number of goods with the aid of change in the levels of their retail prices. However, it must not be thought that the price mechanism for securing the balance of demand and supply is all-powerful; the possibilities for its application also have their limits. Before proceeding to the analysis of this question, it seems necessary to examine in greater detail the phenomenon of surplus savings.

The resorption of deferred demand, which accumulates in surplus savings both in non-cash (deposits in savings banks and in 3 percent state loan obligations) and in cash transaction forms in the hands of the population, is a necessary stage in the process of the attainment of conformity of demand and supply. However, from our point of view it is impossible to consider the entire magnitude of surplus savings as a uniform mass of funds exerting pressure on the commodity market. This is connected with the following considerations.

The demand of the consumer presented by him in the market is determined by a certain sum of money, which is earmarked for the acquisition of a specific commodity (or service) of one sort or another. In other words, this demand is determined not "by money in general", but has a precisely expressed purposeful direction, i. e., a purposeful character. The quality of such a structural determination of demand also pertains to deferred demand, which was formed as the result of the imbalance of the market during the preceding periods. Of course, by no means the entire mass of relatively surplus savings represents deferred demand. Moreover, it seems that the share of deferred demand in the total volume of the savings of the population is not really so great.

If one takes the hypothesis that the total volume of relatively surplus savings consists in the summary magnitude of deferred demand and of the sum of money which has no purposeful designation, the following mechanism of their formation seems probable. The unsatisfied demand, which arises as the result of the shortage of a number of goods and services, partly (in the part which is not switched over to other goods and other items of expenditures) accumulates in relatively surplus savings. In so doing, that part of the available

money which was earmarked for the purchase of large, comparatively expensive commodities, which significantly determines the consumer stereotype of the individual, forms a structurally determined magnitude of deferred demand that is presented in the market during the subsequent period together with the current demand. The other part of the available monetary means of the consumer accumulates in the form of non-special purpose savings. If a sufficiently long period of time is examined, in the course of which the market deficit leads to the formation of relatively surplus savings, the calculation of the psychological effect of the accustoming will be justified. Deferred demand, which does not have the possibility of being freely realized in the market, obviously will gradually lose its structural exactness and gradually thereby pass on into the category of non-special purpose savings. However, this part of the relatively surplus savings, in its turn must gradually lose it's mobility and turn into the part of means being accumulated "for old age", "for a rainy day", etc.

In assuming the likelihood of such a mechanism of interaction of the various components of the total magnitude of the savings of the consumer, one can draw a number of qualitative conclusions pertaining to the problem of the resorption of the relatively surplus savings from the point of view of the achievement of the balance of demand and supply. First of all, the total magnitude of the demand presented in the commodity market is less (and, in our view, substantially less) than the sum of the current demand and the relatively surplus savings. Secondly, the increase of the supply of the deficit goods or the use of the price mechanism (or the integrated use of both levers for securing the balance of demand and supply) can lead to the resorption of only part of the relatively surplus savings. Thirdly, non-special purpose savings, which are not really presented at the market in the form of demand at the present time, exert potential pressure on it as future demand, which can be formed on their basis with a change of conditions. The resorption of this part of the relatively surplus savings is possible only under the condition of giving it special purpose status, which assumes the real appearance of new expenditure items. These may be new commodities (we have in mind not new brands, grades and types, but in principle new use values) and new services, including qualitatively new recreation possibilities, new types of monetary investments in housing, etc.

The relative increase of prices for commodities which are characterized by a significant magnitude of deferred demand can be conducive to its resorption. However, as far as non-special purpose savings are concerned, as the above-cited considerations show, they will most likely be independent of the levels of retail prices (naturally, in conditions when the regulation of prices does not lead to a spasmodic fall of the purchasing power). Moreover, this is by no means the sole limitation being imposed on the effectiveness of the price mechanism for achieving and maintaining the balance of demand and supply of consumer goods.

The further analysis of the questions connected with the use of the retail price mechanism will basically pertain to the problem of the maintenance of the current balance of demand and supply.

Important limitations on the possibilities of the use of the price mechanism for securing the balance of demand and supply are imposed by the necessity of calculating, in the development of variants of the regulation of the general level and correlations of retail prices, the characteristics both of the object and the subject of the shortage, i. e., consumer goods and services and the conduct of the consumers themselves. The consideration, as subject of the shortage, of the totality of consumers must without fail include a differentiated analysis of the influence which the imbalance of the market exerts on the various groups of consumers. It is also necessary to take into account that the consequences of these or other measures in regard to overcoming the shortage can be unequal for various groups of consumers. Moreover, it must be noticed that the calculation only of differentiation in terms of the level of average per capita income--although it is a necessary level of the classification of consumers--by no means gives a sufficiently adequate picture of the dissimilarity of consumer conduct. Already, in point of fact, the first results of the research on the typology of consumption (cf. [8, 9]) showed that within one interval of the average per capita incomes there may be stable groups possessing stereotypes of consumer behavior which are substantially different from one another.

Various stereotypes of consumer behavior assume a different economic reaction to changes of prices, i. e., a different--in terms of intensity--economic reduction of demand for one commodity or another. Unequal will also be the change of the level of real income of consumers who earlier had access to a given commodity, either owing to economic factors (correlation of incomes and prices), or as the consequence of the operation of non-economic mechanisms of accidental (relative level of money income) distribution of this commodity among consumers in conditions of shortage. The consequences of regulating the correlation of prices, differentiated by various groups of consumers, require obligatory analysis from the point of view of the principles of the social policy of the state in the sphere of commodity consumption. It is obvious that in a number of cases a change in the price proportions in the market of consumer goods can lead to consequences in the sphere of consumption which in no case can be recognized as socially permissible. In this situation the use of the price mechanism for securing the balance of demand and supply is either impossible or must without fail be accompanied by a complex of measures aimed at the elimination of the undesirable consequences. In any case, this necessitates bringing the differentially-considered consequences of the different variants of the regulation of prices (even if the change of prices affects only the groups of consumers with high incomes) into correlation with precisely-determined priorities and tolerances set by the social policy of the state in the sphere of consumption, and the selection of such a variant which would least contradict the social goals.

One of the most important characteristics of the object of shortage--of a commodity (or commodity group as a whole)--is the index of the direct elasticity of demand with respect to the price, i. e., the index of the intensity of the influence of the price level on the magnitude of demand. The obvious necessity of calculating this characteristic of the commodity sets additional limitations on the possibilities of using the price mechanism of state retail prices for securing the balance of demand and supply. Indeed, if the commodity is characterized by

a high elasticity of the magnitude of demand with respect to price, even an insignificant increase of the latter, leading to the reduction of demand, in conditions of developed or projected deficit, will be conducive to the attainment of the balance of demand and supply. It is another matter if the price elasticity is low. Then the securing of the conformity of demand with supply may require a sharp increase in the price, which inevitably leads to socially undesirable consequences, at least for some consumer groups. If the demand is inelastic with respect to price, the change of the latter, even substantial change, will not produce the result from the point of view of overcoming the shortage, and in this case the use of the price mechanism, naturally, is inexpedient. It must also be kept in mind that a situation is possible when the increase of the price for a commodity not only does not diminish the demand for it on the part of the population, but even increases it. This is characteristic for commodities with low elasticity with respect to incomes. It is obvious that in this case the increase of prices will lead to the opposite result, i. e., to an increase of the degree of shortage of a given commodity.

Here the following must be noted. The level of retail prices in the market of consumer goods is important not only from the point of view of the degree of the balance of the market, but also for the formation of the income part of the state budget. For this reason, the increase of the retail prices for commodities characterized by weak elasticity with respect to price, although it does not have an important effect on the correlation of demand and supply, nevertheless is conducive to the mobilization of the monetary means of the population and their centralization in the state budget. While not rejecting the expediency of such a measure in some cases, we at the same time want to draw attention to the fact that low elasticity of demand for a given commodity with respect to income most often also conforms with low elasticity with respect to price. Hence it follows that the mobilization of the monetary means of the population in such a way takes place practically independently of the level of money incomes, and this, naturally, leads to the fact that the relative reduction of the real income is the greater the smaller the nominal average per capita income of the consumer. The necessity of a differentiated consideration of the consequences of the regulation of prices from the standpoint of social policy, which was discussed above, leads to the theoretical conclusion concerning the incompetence of the use of such a channel of the centralization of the monetary means of the population as an ordinary measure.

The use of indicators of elasticity for the justification of the variants of price policy requires the presence of quantitative estimates of the coefficients of direct demand elasticity with respect to price. At the present time, it is in point of fact impossible to obtain such estimates, which has to do with objective reasons (the fundamental impossibility of estimating the dimensions of demand actually presented in conditions of shortage, the great stability of retail prices), as well as with factors of a subjective order (the absence or low quality of statistical information about the sphere of commodity consumption, the imperfection of the statistics on prices, etc.). The lack of an adequate information base, in its turn, prevents the development of theoretical research in the sphere of the construction of functions of demand. However, in spite of this, a number of considerations can be stated concerning the magnitudes of the coefficients of demand elasticity with respect to price.

The first, that must be noted, is the connection between the coefficients of price elasticity and the coefficients of income elasticity. It can be proposed that the higher the demand elasticity with respect to income (this indicator can be estimated with a certain precision on the basis of statistics of budget surveys of the population), the higher also the price elasticity of a given commodity. Second: Price elasticity, apparently, depends essentially on that share which is occupied by the expenditures for a given commodity in the total volume of the money incomes of the consumer. The greater this share, the greater--other things being equal--also will be the coefficient of price elasticity. Let us note that these correlations on the whole correspond to conclusions obtained from an analysis of the model of the behavior of the consumer described in work [10]. In addition, the unknown values of the coefficients of elasticity are also determined by the level of aggregation of commodities (commodity groups), which is assumed in the analysis of the problem. The higher the level of aggregation, i. e., the greater a share the commodity occupies in the total expenditures for the satisfaction of a certain functional requirement, the smaller the demand elasticity with respect to price must be. If the functional requirement is satisfied by one commodity (as an example, one can cite thread), one can expect that the degree of price elasticity of demand in the given case will be extremely low.

In conclusion, it is necessary to dwell, if only shortly, on two aspects of the problem that are sufficiently closely related. First of all, this is the question of the forms of the use of the mechanism of price regulation of the correlation between demand and supply. The second aspect of the problem, to which special attention must be directed and which frequently is not given the proper significance, consists in the necessity of the development of measures in regard to the socio-psychological guarantee of the normal operation of the price mechanism for the elimination of imbalances of demand and supply.

The solution of the question concerning in what form the use of the price mechanism is expedient depends essentially on the character of the situation of the shortage. Let us examine some possible cases.

Let a stable imbalance be observed as a whole for some commodity group, which is characterized by high income elasticity, insignificant price elasticity, comparatively small labor- and capital-intensiveness of production, and a low degree of social significance. In such a situation, an effective way of increasing the balance of the market of such commodities would be the expansion of their production, and thereby also of their supply. However, the low degree of social significance is evidence of the fact that, in conditions of high tension of the balance of the requirements of capital investments and financial resources for their satisfaction, the given commodity groups will hardly have high priority in the planned distribution of capital investments. All of this suggests the high probability of the preservation of the existing stable deficit of the given group of commodities. However, the use, in the given case, of the mechanism of planned retail prices in the form of their temporary increase can be conducive to the overcoming of the imbalance. The increase of prices in the case described (weak elasticity of the natural demand with respect to price), as has already been noted, appears as a measure which does not significantly affect the correlation of demand and supply.

However, the additional financial resources of the state, which are formed as the result of the increase of prices, may be regarded as resources of purposeful designation, i. e., as the source of additional capital investments directed towards the growth of the production of precisely the commodities of this group.

The necessity of minimizing the negative social consequences of price increases (especially in conditions of great price stability in the past) requires the development of a complex of measures with respect to the socio-psychological ensuring of the process of price regulation. This is an independent problem, which requires special and profound research. Here one can point out if only the fact that the socio-psychological ensuring must include the broad informing of the population concerning the reasons for the price changes, concerning the goals of this measure and its temporary character.

The following situation can be regarded as the second example of the use of the price mechanism. Let a deficit be observed with respect to some kind of specific commodity in the course of a comparatively short period, with the degree of this deficit being relatively small. There is reason to assume essential elasticity of demand with respect to price for the given commodity. In this case, the change of the price level for the given commodity can be conducive to the elimination of the deficit. However, the expediency of using the mechanism of state retail prices is problematical in view of the inevitable significant length of the process of justifying and approving the new price for the commodities, and also in view of a number of other reasons. From our point of view, in order to overcome such situations, it is expedient to introduce a number of changes in the process of the organization of the retail trade.

At the present time, the large retail trade organizations have the right to discount commodities within the limits of a certain fund (discount fund). One can propose the expansion of the right of the trade organizations in this sphere, allowing them not only to discount unmarketable commodities, but also to establish an increase to the state retail price for an article in high demand. In so doing, it is expedient, from our point of view, to link the size of the discount fund for commodities directly, not with the volume of commodity turnover, but with the total sum of price increases established for a given trade organization. The introduction of such a mechanism (secured, naturally, by a number of other organizational measures, such as, for example, the simplification of the procedure for discounting goods, the creation of a corresponding system of stimulation, etc.) will make it possible, on the one hand, to balance demand and supply in situations that are analogous to the one described, without increasing the overall level of prices (since then the discount fund is formed at the expense of the sum of price increases and is equal to it), and, on the other, to mobilize and centralize in the budget significant financial resources and to accelerate simultaneously the turnover of commodities through the prompt sale of articles that are subject to the discount.

Let us also examine the situation when the imbalance develops for a commodity group as a whole, the demand is not very elastic with respect to income, is moderately elastic with respect to price, and the production of the articles

is characterized by great labor- and capital-intensiveness. The given commodity group possesses high social significance, the degree of deficit of the commodities making it up is great and is observed in the course of a sufficiently long five-year period. The low elasticity with respect to income indicates that the consumer of the commodities of the given group is the entire population.

The high social significance of the commodities of the group being examined, the great degree of their shortage and its stable character assign primary importance to the solution of the given problem. The fact that the growth of the production of the commodities in this situation requires great capital investments and the coefficient of total labor-intensiveness is great speak to the fact that the increase of the supply cannot be attained sufficiently quickly. In such a situation, the use of the price mechanism for securing the balance of demand and supply is inevitable, which is possible thanks to the elasticity of demand with respect to price. However, the possibility of increasing the prices of the commodities of the given group is limited by the social requirements in the sphere of consumption. The way out of this situation may be found in the use of the mechanism of monetary compensation, jointly with the increase of state retail prices.

The questions of the construction of a compensation mechanism, which are being widely discussed at the present time in the context of the problem of securing the balance of demand and supply, are still far from their theoretical solution. Central, obviously, is here the question of the determination of the base of compensation, i. e., the level of consumption within the limits of which the growth of prices is compensated to the consumer through money payments. Evidently, neither the average per capita use of a given commodity, nor the level of consumption corresponding to the average income, can serve as a justified basis for compensation. Also not justified from the theoretical viewpoint is the approach to the determination of its magnitude which proceeds from a fixed volume of financial resources designated for this purpose. The problem of the justification of the magnitude of the compensation basis requires independent detailed analysis. Here only the following can be noted. In terms of its essence, the compensation basis, i. e., the level of consumption which, for the consumer, does not depend on changes in the prices for a given commodity, can be considered as an element of the system of social guarantees within the framework of the theory of a socially-guaranteed minimum that is presently being developed. This leads to the, from our point of view, fruitful idea of expanding the object of the theory of the socially-guaranteed minimum to the entire set of consumer goods (including all commodities and paid services) and to all consumers. In this way, possibly, we will also obtain a theoretical justification of the compensation basis, the necessity of which may arise with the improvement of the price mechanism.

#### FOOTNOTES

1. By the "normal" level of savings we understand the level which takes place in conditions of the balance of demand and supply of consumer goods.

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## CONSUMER SECTOR POLICY AND ECONOMICS

### CONSUMER GOODS PRODUCTION, COORDINATION WITH CEMA MEMBERS

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[Article by Leonid Nartsissov and Anastaziya Shuyanska, CEMA secretariat, under the rubric "Comprehensive Program in Operation": "On the Basis of Close Cooperation"]

[Text] As is known, the congresses of the communist and worker's parties have posed the task of a further rise in the population's standard of living. To accomplish this CEMA members are successfully developing production and scientific-technical bonds in the industries which manufacture consumer goods. This cooperation is aimed at increasing the output and quality of these goods. To a significant extent it is based on tested in practice forms of cooperation in the area of planning work.

#### The Important Role of Forecasts

The initial stage of socialist planning is forecasting. At present the following forecasts have been prepared within the CEMA framework of the countries' approximate requirements in the main kinds of raw materials for the textile and leather shoe industries and cooperation in satisfying these requirements (including imports from third countries), of the improvement of the raw materials base for light industry, and of the development of the production of chemical fibers for the period up to 1990, as well as of the provision of the light and wood processing industries with the raw materials and modern machines for the period 1986-1990 and others. Along with this the need for advanced equipment for the textile, knitted-goods, sewing, leather shoe and furniture industries for 1981-1985 has been revealed.

An analysis conducted by the International Economic Association Intertekstilmash has shown that, on the whole, the appropriate product list of the newest equipment was included in the multilateral agreements on specialization and cooperation which were concluded by interested countries in 1975 and 1976. In 1981 the NRB [People's Republic of Bulgaria], VNR [Hungarian People's Republic], GDR [German Democratic Republic], PNR [Polish People's Republic], SSR [Socialist Republic of Rumania], USSR, and CSSR [Czechoslovak Socialist Republic], signed protocols to supplement, amend, and extend the term of operation of the agreement concerning highly efficient machines and equipment for the sewing, textile, and knitted-wear industries. A number of other agreements were extended in the same year.

On the whole the joint obligations resulting from these agreements are being fulfilled. For example, within the framework of the agreement on the MSKP [expansion unknown; possibly mezhdunarodnayer soglasovannaya cooperationaya postavka, international coordinated cooperative delivery] of wood processing machinery and equipment in 1981-1985 deliveries of 368 lines for machining parts in furniture manufacturing are being carried out. The exporters are the PNR (308 lines) and the NRB (60 lines). The main importer is the USSR, which is receiving 302 lines.

The preparation of long-term forecasts for the development of the production of and the population's demand for clothes, shoes, fabric, electronic engineering goods, and furniture for the period up to 1990-2000 plays a large role in the expansion of cooperation in the area of consumer goods. It should be completed in 1984. Their result will be used by CEMA agencies to further intensify the division of labor in the output of products and the growth of barter between the fraternal countries.

Practice shows that we should take an industry's specific character into account when developing cooperation. The fact is that consumer goods are produced in every country based on its climatic conditions, national traditions, popular trends, and a number of other factors.

#### Coordinating Plans

The most important form of coordination in the area of planning is the coordination of five-year plans for national economy's development. Measures to better use existing capacities, intensify specialization and cooperation, and expand joint investments in projects of mutual interest are outlined during the course of it. A number of bilateral and multilateral agreements and contracts are also prepared and signed by interested countries. As an example, we can cite the agreement between the USSR and the NRB for deliveries of equipment for a cotton spinning mill being built in Bulgaria (in Maritsa), which operates a spindle-free spinning process and has a capacity of four thousand tons of yarn per year.

The Program for Cooperation of the CEMA Member Countries in Resolving the Problems of Ensuring the Comprehensive and HighestDegree Processing of Selected Types of Raw Wool in the MNR's [Mongolian People's Republic] Light Industry for the period up to 1985 has been approved and is being carried out. In accordance with it such modern enterprises as the carpet combine in Erdenet and the wool washing, spinning and knitted-wear factory in Ulan Bator have been put into operation in the last few years. A Central Scientific Research Laboratory for the wool industry has been established. A number of wool processing enterprises have been modernized and expanded. Many of their workers were trained or got work practice in Bulgaria, Hungary, GDR, USSR, CSSR and in other CEMA member countries. Projects for the production of worsted woolen yarn, woolen fabric, shoes, carpets, children's clothing, and leather items are also being built.

One result of the coordination of plans is the signing of two general agreements for expanding the capacities for the output of furniture fabric in Bulgaria, Rumania, and the CSSR with the purpose of increasing deliveries to Mongolia, Poland, and the USSR; and for expanding the capacities for the output of furniture manufactured in Rumania and CSSR for export to Mongolia and the USSR. The agreements are intended for the period up to 1990.

Other agreements to produce special furniture, furniture accessories, high quality synthetic fur, and other goods have also been signed. Considerable work is being carried out to develop scientific-technical cooperation. It is directed at developing new types of fourth generation color television sets, improving the quality of household video tape recorders and electric machines, refrigerators, automatic washing machines, and so forth.

Preparations are taking place for signing agreements on specialization and cooperation in the production of components and parts for color television sets (including television tubes), equipment for the diagnostics and repair of television sets, technological equipment and monitoring and measuring equipment for the production of color television sets, sound recording and reproducing devices. Preparations to supplement, expand, and extend the agreement for studio equipment and equipment used outside the studio are also underway.

Coordination of efforts on a multilateral basis within the framework of the CEMA Permanent Commission for Cooperation in the Field of Light Industry was reflected in the long-term plan for 1981-1985 for scientific and technical research in the light, wood processing, and printing industries. There are 40 subjects included in the plan. Their resolution will make it possible to more fully satisfy CEMA members' requirements in manufactured consumer goods.

Special attention is being given to supplying the light, radio and electronics industries with particular kinds of raw materials, materials, semimanufactures, machines and equipment necessary for expanding the output of finished products.

#### Bilateral Ties

Intensification of the international socialist division of labor is playing an increasing role in the successful implementation of national programs to satisfy the population's needs for various kinds of products more fully. This is apparent in the example of the implementation of the decree of the CPSU Central Committee and the USSR Council of Ministers "Measures to Increase the Production of Essential Goods and Goods in Popular Demand in 1981-1985." In particular, it provides for the development of cooperation with fraternal countries.

Qualitative improvements in investment policy also promote fulfillment of the tasks advanced in these programs. The essential point is that today the

main attention is given not to new construction, but to modernization and reconstruction of existing capacities. On the whole in CEMA member countries from one-half to two-thirds, and in the USSR up to 70 percent, of all investments are directed toward modernization and renovation. The same policy has been adopted when ensuring mutual deliveries of complete sets of equipment.

Problems of individual countries' participation in the reconstruction of enterprises of USSR light industry were examined on a bilateral basis during coordination of plans for 1981-1985. Negotiations were conducted with Hungary, the GDR, and the CSSR.

Problems of the export from the CSSR of complete equipment and other output during the current five-year plan and basic directions for the intensification of cooperation in the period after 1985 were discussed at a meeting of the Intergovernmental Soviet-Czechoslovak Commission for Economic and Scientific-Technical Cooperation. Deliveries of machines to the USSR for the following were provided for: the renovation and modernization of the Yerevan Leather Plant and the Voroshilovgrad Shoe Association; the expansion of an enterprise producing stockings in Orel, which will make it possible to increase their output from 40 million pairs per year to 70 million, and of a knitting enterprise in Zhodino, whose productivity will reach 8,000 tons of children's cotton wear, etc.

Czechoslovak specialists are also helping to re-equip the Moscow Burevestnik Association and the Vladimir Shoe Factory, which will begin to produce 1.5 million pairs of hiking and athletic shoes per year. Besides that several knitted-wear and leather goods factories will be renovated in the USSR. This will make it possible not only to receive more of the corresponding goods and to expand their assortment, but also to improve their quality significantly. Currently preparation is under way to sign the appropriate contracts on the basis of the Intergovernmental Commission's decisions.

Light industry and other industries manufacturing consumer goods occupy a large place in the broad spectrum of bilateral ties between the USSR and the GDR. With this GDR's participation, implementation of a set of measures to technically re-equip and establish new capacities at more than 110 projects in the USSR has begun. Operations are already planned at 80 of them in the current five-year plan. In Kishinev (USSR) the construction of a factory producing classical double layered nap, high quality carpets of the Tebris type is being completed. And in Ugeny (Moldavian SSR) a large thread factory with a capacity of four million standard spools per year will be put into operation by 1986. The re-equipping of nine sewing factories, a number of shoe factories, and other light industry enterprises in the USSR will be carried out.

The series output of fundamentally new multiple-opening looms of the TMM-360 type is being organized on the level of the best models. This is being established on the basis of cooperation by assembly by USSR and GDR specialists. Thanks to their cooperation the light industry of both countries will receive

machinery providing an increase in labor productivity of 1.5 to 2 times and a 40 percent decrease in the unit expenditure of energy. Collective efforts to fundamentally reconstruct a sewing machine plant in Podolsk (USSR) and a similar enterprise in Wittenberg (GDR) are also effective.

Bilateral contracts are also developing between interested CEMA member countries and the SRV (Socialist Republic of Vietnam). They are associated with the construction of a textile combine and sewing factories in Vietnam. Measures to more completely master equipment and raise labor productivity at existing enterprises are being carried out at the same time.

#### Mutual Consultations

When analyzing the organization of the work on the coordination of plans, we should note that it is continually being improved. The coordination program for 1986-1990, adopted at the 26th Meeting of the CEMA Session, provides for the more active participation of representatives of the industrial agencies of the CEMA member countries. In particular, problems of developing specialization and cooperation in selected areas of production, multilateral coordination of capital investments for co-ordinated projects, and the introduction of the latest scientific-technological achievements into the national economy will be examined at this level.

A significant number of important subjects directed toward increasing the output of high quality consumer goods will be developed within the framework of the CEMA Permanent Commissions for Cooperation in the Fields of Light Industry, Radio and Electronics Industry, Chemical Industry, Machine Building etc.

The expansion of ties and the complication of the problems being resolved jointly are causing the need for mutual consultations on the basic questions of economic policy.

The CEMA member countries are systematically carrying out these consultations on various levels so that their results can be considered when preparing national economic plans and other economic programs.

A list of mutual consultations in the field of light industry for the next few years has been approved. In accordance with it, the leaders of the delegations in the CEMA Permanent Commission for Cooperation in the Field of Light Industry have exchanged experience on questions of the planning and management of the industry. Similar measures are being implemented on the use of secondary raw materials and production wastes and on the development of technologies to conserve resources. Mutual consultations are also being planned on the use of microprocessing technology.

The forms and methods of cooperation which have developed in the area of planning work are supplemented by the Coordinated Plan for Multilateral Integrated Measures.

Currently 14 integrated scientific-technical problems are included in the plan. This includes the organization of specialized and collaborated production of industrial robots and the development and extensive use of microprocessing technology in the national economy.

In Accordance with [DTsPS the Long-range Special Purpose Cooperation Program]

The long-range special purpose cooperation program for satisfying the CEMA member countries' rational requirements for manufactured consumer goods, which was adopted in 1979 at the 23rd Meeting of the CEMA Session, includes five subprograms which include 56 measures. In accordance with it 16 multilateral agreements were signed on 1 January 1984 and it is planned to sign five in the near future. Besides this a number of programs have been adopted for the development of scientific-technical ties within the framework of the CEMA Permanent Commissions for Cooperation in the fields of: light industry, radio and electronics industries, the chemical industry, and machine building. They are directed at the implementation of individual DTsPS measures and the providing of raw materials, materials, machines and equipment with high quality and a high technical level.

Broad cooperation in science and technology, for example, in the manufacturing of various fabrics and synthetic fur, is being organized on the basis of the DTsPS. Joint research is being conducted in the leather shoe industry. A set of measures for the development of the production of chemical fibers, synthetic dyes, and textile auxiliary substances is being carried out within the framework of the CEMA Permanent Commission for Cooperation in the Field of the Chemical Industry.

Efforts to expand capacities in the furniture industry are being combined. Division of labor in the manufacture of individual small-series types of products is being established and the output of synthetic veneer and accessories is being developed. Progressive technologies for the assembly and production of high quality semimanufactures are being worked out and mastered. Special attention is being given to meeting the fraternal countries' economically valid needs for certain chemical materials.

The development by the joint efforts of the interested CEMA member countries of promising goods of a high technical level on the basis of the extensive unification, typification and standardization of component assemblies and units is typical of the present stage of cooperation. These goods include color television sets, video and sound recording and reproduction apparatus. The cooperation of interested CEMA members in the development of progressive technology, specialized equipment, and monitoring and measuring instruments plays a large role here.

Further expansion of the production of automatic washing machines, refrigerators, deep-freezers, and assimilation of their new models is provided for.

Implementation of the DTsPS is assisting the growth of the production and

Implementation of the DTsPS is assisting the growth of the production and exchange of goods, improvement of their quality and enrichment of their assortment. It is sufficient to say that reciprocal deliveries of output along the line of internal trade alone increased by 39.5 percent in 1982 as compared to 1980. Leather shoes, garments, household radio and electronic goods, machines and instruments are particularly popular. Border exchange grew more than 60 percent for the same period.

Bilateral programs for production specialization and cooperation between the USSR and European CEMA member countries for the period up to 1990 are assisting to a large degree in the successful resolution of tasks. A significant share of the measures provided for in them are closely connected with the DTsPS for consumer goods, which, by encompassing its most important problems, is the basic document for the coordinating of national economic plans in the given field for the forthcoming five-year plan.

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## PERSONAL INCOME AND SAVINGS

### EXPANDED SERVICES IN STATE SAVINGS BANK DISCUSSED

Moscow DEN'GI I KREDIT in Russian No 7, Jul 84 pp 53-58

[Article by M. Yu. Nakhmanovich, deputy chairman, State Workers' Savings Bank Board, and Yu. M. Belugin, chief, Savings and Payment of Income Administration: "Improvement of Services to the Public Is at the Center of Attention"]

[Text] The Communist Party and the Soviet government have devoted a great deal of attention to the system of the USSR State Workers' Savings Bank. This was reflected, in particular, in the decisions of the 25th and 26th CPSU Congresses, the decrees of the USSR Council of Ministers, as adopted in May 1972 and in April 1976; they provided measures for further developing the savings business, expanding noncash transactions, improving services to the public, and the organizational strengthening of savings banks.

In carrying out the above-indicated decisions, the institutions of the USSR State Workers' Savings Bank significantly expanded the spheres of service to the public: there has been a growth in the volume of noncash transfers into accounts of sums from workers' monetary incomes, the payment of wages to workers and office employees, as well as monetary earnings to kolkhoz members, has been organized, and noncash transactions for goods, communal and other services have been introduced on a broad basis. In order to consolidate personnel and improve the services to working people engaged in the construction and operation of extremely important national economic facilities, the savings banks in a number of regions of the RSFSR have introduced targeted deposits for the purpose of obtaining passenger automobiles.

A positive influence on the activity of savings banks has been exerted by the principle, introduced in 1980, of subordinating the administrative organs of the State Workers' Savings Bank to the appropriate local Soviets of People's Deputies, the Councils of Ministers of the Union and autonomous republics, as well as to the higher-ranking organs of the savings bank system.

Joint efforts are now more rapidly solving the problems of organizationally strengthening the network of savings banks, improving the schedule of their operation, firming up the material-technical base, and creating the best conditions for providing services to the public.

As is known, the principal task of the savings banks is to develop the savings business, to present to the public the opportunity for reliably safekeeping

their monetary funds, to assist in accumulating savings and using them in the interests of developing the national economy. Increasing the monetary savings of working people is inextricably bound up with steady improvement of the people's well-being, which proceeds on the basis of implementing the plans for our country's economic and social development. In 1983 the average monthly wages of workers and office employees rose by 2.4 percent, while the labor earnings of kolkhoz members went up by 7 percent; the public consumption funds increased by 4.6 percent. All of this allowed the savings banks in 1983 to attract additional funds into deposits, as well as to sell bonds of the freely revolving loan and tickets to the monetary-commodity lottery in the amount of 13.9 billion rubles. For the year as a whole savings banks completed approximately 3 billion cash and accounting transactions.

Modern-day savings banks comprise an extremely large credit institution, having a widely branched network at its disposal. By the beginning of 1984 they had opened more than 158 million deposit-type accounts, which have 187 billion rubles in safekeeping. Savings banks have become a solid part of working people's everyday life: at present they perform more than 80 various types of transactions. Funds being accumulated by savings banks constitute one of the most important sources of Gosbank's resources for extending short-term credits to the national economy. In turn, by making payments into their deposits, the working people are actively participating in carrying out the tasks of the country's economic development.

A new manifestation of concern for the system of the USSR State Workers' Savings Bank is the decree of the USSR Council of Ministers, dated 2 June 1983, No. 490, entitled "On Measures for Further Developing the Savings Business and Consolidating Personnel in Savings Banks." It has provided specific measures for developing noncash accounts, expanding the practice of paying out the monetary incomes of working people by means of the savings banks, strengthening their material-technical base, improving the qualitative composition of the employees, and increasing their material self-interest in the results of their own work.

At the present time a number of practical measures have already been adopted for carrying out the above-indicated decree. In order to improve the forms of providing services to the public and to offer it additional conveniences, beginning on 1 February 1984, savings banks have been accepting the following new types of deposits: young people's-premium, monetary-commodity lottery-type, and fixed-time deposits with additional installment payments.

Of great importance for further developing the savings business are the young people's-premium deposits. Selected studies have shown that among the youth, particularly those in the age group from 18 to 25, savings bank depositors amount to no more than 20 percent, whereas for other, older age groups these indicators are 3-4 times greater.

Young people's-premium accounts are accepted by all savings banks from persons ranging in age from 18 to 30 years, and this will assist in attracting to the ranks of depositors young people, a significant portion of whom are not depositors, inculcating in them habits of thrift and a correct organization of their personal and family budgets.

Taking this into consideration, the accumulation of a young people's-premium account takes place over the course of three years, by means of regular installment payments in amounts of 10, 20, 30, 40, or 50 rubles. Initially the payment must be made in cash by the depositor himself along with the presentation of his passport or a substitute document, i.e., a document by which the person's age and right to such a deposit may be established.

The depositor is issued a savings passbook in the form used for the acceptance of deposits prior to the time of claiming, i.e., Form No. 2 or 2-0, if the deposit transactions are filled out manually, or Form No. 2-mb in the case of mechanized processing of documents for accepting and paying out money at a savings bank. Accumulation of funds in these takes place, as a rule, by the non-cash method, although the installment payments may also be made by cash. Moreover, a depositor can have any number of young people's-premium type accounts in one or several savings banks.

The income on young people's-premium deposits has been set at an interest rate of 3.5 percent per annum, of which 2 percent will be computed each year and added to the remainder of the deposit as if deposited prior to claiming the final amount, whereas 1.5 percent will be paid out in the form of a premium upon the expiration of the three years safekeeping of the deposit.

Thus, if, for example, the initial installment payment is made in 1984, the premium will be paid out in 1987. The size of the premium for a depositor who is putting in, for example, 20 rubles per month, would amount to 16 rubles, 40 kopecks, while for those who put in 50 rubles per month it will come to 41 rubles.

In the case of the late deposit of the regularly scheduled payments (if the indebtedness is allowed to continue for more than three months in a row) or if the deposit is received prior to the expiration of the three-year term, the premium on a young-people's-premium deposit is not paid out. Here it is necessary to bear in mind that, in case of an indebtedness of less than three months, in case the depositor shows up in order to make a payment, the teller should suggest that he pay up the amount of the indebtedness, since otherwise he would lose the chance to receive his premium. If, in supplementing the deposit by the noncash method, the amounts come in irregularly, as a result of which an indebtedness is formed, the savings bank does not inform the depositor or the organization about this.

It is very important that all the transactions with regard to the young peoples' premium deposits be filled out at the bank precisely so as to exclude any sort of future misunderstanding on the part of the depositor. In opening an account, for example, the depositor should make in it a notation to the effect that he has familiarized himself with the conditions of the young people's-premium deposits, and he should indicate the amount of the monthly payments to be made.

Particular attention must be accorded to the correctness of documenting the transactions with regard to paying the depositor the premium amounts which are due him. Such a transaction is performed by the savings bank upon the expiration of the three-year term of accumulating savings on a young people's-premium deposit, when the depositor first requests it. First, the teller must add to

the remainder of the deposit the amount of the premium and determine the total interest due the depositor (based on the rate of 2 percent per annum) for the period from the day when the three-year term expired through the day when the account was closed out, and this is added to the remainder of the deposit. Then the total of this deposit is paid out to the depositor or, upon his request, is transferred to another type of deposit account.

With respect to the young people's-premium accounts, the depositors can give out a power of attorney to receive the entire account and make testamentary arrangements. Moreover, if the accumulations of the deposit have been made regularly, and the depositor has died upon the expiration of the three-year term after the opening of the account, then the heirs are paid out the deposit together with the premium. If the depositor has died prior to the expiration of the three-year term of accumulating the deposit, then, in disbursing it to the heirs, the premium is not paid out.

A young people's-premium deposit can be transferred to any savings bank, to any type of deposit, and to the name of another person. However, if the deposit is transferred for further accumulation as a young people's-premium account, then such a transfer can be performed by the savings bank only in the name of the depositor himself. The time taken by the mail to deliver the documents connected with the transfer of the deposit is not included within the three-month mandatory deadline for an installment payment to be made.

A broad-based attraction of deposits from young people is an important reserve for the successful solution of the problems of further developing the savings business.

Another new type of deposits comprises the monetary-commodity lottery-type deposits, which are accepted by the savings banks along with ordinary lottery-type deposits.

Re the monetary-commodity lottery-type deposits, the income is computed at 2 percent per annum and is paid out in the form of winning prizes: as cash or, if the depositors so desire, in the form of items for which there is public demand. Drawings for the winning prizes are conducted twice a year: in April and in October, in a centralized manner for the savings banks of each Union republic.

In each drawing per 1,000 accounts of this type of deposit there are 25 winning prizes: 1 prize--in the amount of 200 percent of the average remainder of the deposit over the course of the expired half-year on the account which won the drawing, 2 prizes amounting to 100 percent each, 2 prizes at 50 percent each, and 20 prizes at 25 percent each. The average remainder of the deposit for the half-year which is taken into the calculation in determining the total amount of the prize must not exceed 5,000 rubles. The maximum prize on these deposits can be equal to 10,000 rubles. The beginning of the half-year for computing the remainder of the deposit is considered to be 1 April and 1 October.

The depositor has been granted the right to open in one or several savings banks any number of accounts with monetary-commodity lottery-type deposits. Before opening the account, however, the teller is obliged to inform him about the conditions of this type of account.

The depositor makes an appropriate note of this in a personal statement and confirms it by his own signature.

On his deposit slip and on an alphabetical card the depositor makes a note that the deposit being made by him is of the monetary-commodity lottery type. The same kind of note is made by the teller on the title page of the savings passbook and on the personal-account card.

The list of items which are given out to the depositors for the sums accruing to their accounts by means of the prizes must be determined every year by the republican main administrations of the USSR State Workers' Savings Bank in conjunction with the trade ministries of the Union republics, taking into consideration the industrial output of new types of commodities. In 1984, for example, the holders of monetary-commodity lottery-type deposits by means of the total winning prizes which accrued to their accounts were given passenger automobiles and motorcycles of various models and types, suites of furniture, kitchen-furniture ensembles, musical instruments, refrigerators, television sets, sewing machines, fur items, and a number of other commodities in public demand. The list of items and lists of stores where they are given out must be posted in every savings bank.

In order that the depositors may obtain the items in the stores in exchange for their prize winnings, the savings banks issue them special-purpose pay checks. If the depositor so desires, the check to obtain an item may be written out in an amount exceeding the prize winning by 25 percent, with the additional difference to be paid at the savings bank. For example, if the total computed winnings amounts to 500 rubles, then the depositor can obtain an item for any amount up to 625 rubles. In case the entire amount of the monetary-commodity lottery-type deposit is transferred to another savings bank after the winning prize is drawn and registered, then the depositor loses the right to obtain a special-purpose pay check at the new savings bank where he is keeping his deposit.

A special-purpose pay check can be issued for one of the types of items provided for on the list. Moreover, depositors of agencies are issued such checks at the central savings bank on the basis of documents of the following controls. Depositors of savings banks belonging to the first and second categories are issued checks by the banks where the deposit is being kept.

The item may be obtained personally by the holder of the check or upon his power of attorney. No deadline is set for the right to obtain items by means of the winning prize, but the check may be issued solely for commodities enumerated on the list for the current year. Every savings bank must have at its disposal a list of the stores in which the indicated commodities may be obtained so that the holders of the special-purpose pay checks may know where they can turn in order to obtain a particular item.

It must be borne in mind that the stores do not create reserves of commodities for giving out to depositors who have won prizes. Therefore, in case an item indicated on the list is out of stock at the time the holder of a check presents it, the store is obligated, once the item does come in, to report this to the purchaser in writing or by telephone, for which purpose it must keep a journal account of the inquiries by check holders.

Fees for special-purpose pay checks being issued are assessed from the depositors in the amount of 5 kopecks for each complete and incomplete 100 rubles. Such a fee can be deducted from the deposit or paid in cash. A new special-purpose pay check, to replace one already issued, is given out free of charge. If the holder of such a check wishes to receive cash for it, he loses the right to obtain an item.

There can be instances whereby the depositor who has won a prize receives part of the deposit, also affecting the total winnings. For example, the remainder of a deposit together with the prize amounted to 2,000 rubles, including the prize total of 1,000 rubles. On this deposit the depositor received 1,200 rubles, and the remainder consisted of 800 rubles, i.e., 200 rubles less than the total of the prize which was won. In this case, the savings bank, upon the request of the depositor, may issue a special-purpose pay check in an amount of not more than 1,000 rubles, i.e., the 800 rubles remainder from the total prize won plus 25 percent, which in this case was equal to 200 rubles.

The right to obtain an item by means of a total winning prize on a monetary-commodity account is not transferred to the heirs of a depositor who has died. The deposit, along with the prize total, is paid out to them in accordance with the established procedure.

Changes have also been introduced in the operation of savings banks with regard to fixed-time deposits. Beginning in 1984, these deposits are accepted for time periods of at least one year.

On fixed-time deposits made after 1 January 1984 the income, computed at an interest rate of 3 percent per annum, is paid out on condition that the deposit has been kept in the savings bank for at least one year. If this deposit has not remained there for one year, the income on it is paid out at an interest rate of 2 percent per annum. Of course, if a fixed-time deposit has been kept in the savings bank for less than two months, then interest income on it, as on other types of deposits, is not paid out. At the same time, on fixed-time deposits made prior to 1 January 1984 the previous procedure for paying out income has been retained.

The existing procedure for documenting the transactions with regard to fixed-time deposits does not provide the opportunity for adding to them. For each total deposit made by a depositor a separate personal account is opened, and a new savings passbook is issued. In connection with this, taking the depositors' wishes into consideration, a new type of such deposits was introduced in savings banks--fixed-time deposits with the possibility of adding supplementary installment payments.

These deposits are also accepted for a time-period of no less than one year with a pay-out to the depositors of income at an interest rate of 3 percent per annum. In contrast to the usual type of fixed-time deposits, the initial and supplementary payments with regard to the new type of deposits may be made either by cash or by means of transfer by the bookkeepers at the depositor's place of employment, based on his personal application with regard to his deposit account. The amount of each additional installment payment must be at least 100 rubles.

The above-indicated deposit may be received only in the full amount together with the additional payments. A depositor is granted the right to receive the interest due him on the amounts kept in his account for at least one year without violating the terms of the deposit. On amounts which have been kept on deposit for less than one year income is not paid out.

On fixed-time deposits with supplementary installment payments there has been a change in the procedure for computing the interest at the end of the year. So that there does not arise the necessity for writing off from the account of the computed interest on the amounts which have been kept for less than a year, it has been accepted that they will be added to the remainder of the deposit at the end of the following year.

And so, on amounts deposited in 1984 the capitalization of interest will be conducted on 31 December 1985, on amounts deposited in 1985--during the following year, etc.

The first results of the work of the savings banks with regard to the new deposits testify to the fact that they have been well received by the public. Data on 24 large cities and certain oblasts show that in February 1984 alone there approximately 4,000 young people's premium-type deposit accounts were opened in an amount totaling more than 247,000 rubles, over 3,000 accounts of the monetary-commodity lottery-type deposits amounting to 2,580,000 rubles, and more than 26,000 accounts of fixed-time deposits with supplementary payments amounting to 42.5 million rubles.

It is likewise necessary to dwell on certain changes in the procedure for paying income on deposits. Savings banks have a considerable number of accounts with remaining deposits of less than 10 rubles each. In a number of cases the deposits are demanded and obtained in full before two months have expired. Labor expenditures to keep track of such deposits are large and economically unjustified. Taking this into consideration, the following has been established: on all types of deposits, the remainder of which has not exceeded 10 rubles over the course of the calendar year, and also on deposits (irrespective of the amount) which have been demanded and obtained in full prior to the expiration of two months from the time when the deposit account was opened, beginning on 1 January 1984 the income is not being paid out.

At the December (1983) Plenum of the CPSU Central Committee it was noted that the State Plan for the economic and social development of the USSR for 1984 is keyed on strengthening the successes which have been achieved in the preceding year, ensuring the dynamic development of the economy, and, on this basis, raising the level of the people's well-being. Development of operations with

respect to the new types of deposits will facilitate the successful implementation of the plans by the savings banks to attract the spare monetary funds of the public in order to extend credit services to the national economy.

During the current year plans with regard to deposits have been stepped up; it is necessary, therefore, to conduct everywhere organizational, informational-advertising, and explanatory work on propagandizing all types of savings. The above-indicated work ought to be carried out systematically by means of placing appropriate materials in the republican, oblast, municipal, and rayon press, in large-circulation and wall newspapers, as well as by organizing presentations by employees over the local radio and television. It is also necessary to conduct explanatory work directly at enterprises, organizations, and kolkhozes. We must draw more often on lecturers from the All-Union Society for Knowledge and financial activists for conducting reports and chats regarding the savings business and, in particular, on the new types of deposits.

Particular attention should be paid to working with young people. An essential role here must be played by personal communication with young people by qualified specialists of the administrations and the central savings banks. It would be feasible, therefore, with the aid of the administration and social organizations of enterprises and higher educational institutions to organize the presentations of these specialists at meetings of the groups with explanations of the advantages being offered by the savings banks, for example, with respect to the young-people's-premium deposits.

At present many young persons are working in agriculture. Therefore, analogous meetings must be organized in the labor groups of sovkhozes, kolkhozes, production brigades, etc. Live, easy-to-understand words are always more convincing than standard announcements.

Of particular, top-priority importance in developing the monetary-commodity lottery-type deposits is the list of items which may be obtained by the depositors by means of the prizes which their accounts have won. Hence, in determining the list of items to which the population of this or that republic has manifested a heightened interest, an active role must be played by the republican main administrations of the State Workers' Savings Banks. Industry is constantly turning out new types of items for sale to the public. The task consists of manifesting sufficient flexibility and initiative so that every year appropriate changes are introduced into the lists of items to be given out to depositors in exchange for their prizes won on the monetary-commodity lottery-type accounts.

In order to promote the new deposits, leaflets, prospectuses, and other advertising materials are being made in a centralized procedure; special motion-picture films are also being produced.

In carrying out the measures with regard to introducing the new types of deposits, we must not forget about the traditional forms of savings and the services to be rendered by the savings banks to the public; these must be further developed and, in particular, by means of noncash accounting.

During the three years of the current five-year plan the total of noncash payments into deposits has reached 87.6 billion rubles, i.e., it doubled in comparison with this same period of the 10th Five-Year Plan. The proportionate share of noncash payments within the over-all total of transactions on incoming deposits is constantly increasing: if in 1980 it amounted to 29.2 percent, in 1983 it came to 37.0 percent. This work is being conducted most actively in the Belorussian SSR, where the total of noncash payments within the incoming deposits in 1983 amounted to 61.6 percent, the Kazakh SSR--41.8 percent, the Latvian SSR --47.5 percent, the Lithuanian SSR--43.4 percent; in the Komi ASSR this figure is about 70 percent, in Magadan, Kemerovo, and Arkhangel'sk Oblasts--more than 50 percent, etc.

The importance of transferring the monetary incomes of working people (at least in part) to deposit-type accounts is constantly growing. They have a great settling effect, economize on the working people's personal time, improve services to them, and cut down on cash-type turnovers. Therefore, the institutions of the State Workers' Savings Bank must adopt all the necessary measures to further develop noncash payments to deposit accounts of all types of the working people's monetary incomes so that the task set for 1984 may be over-fulfilled. It is important to organize this work in the necessary way in cities and rayons where its level is still relatively low. Additional, explanatory measures must also be conducted directly in the labor groups, bearing in mind that, in line with the decree of the USSR Council of Ministers, dated 2 June 1983, No. 490, enterprises, organizations, institutions, and kolkhozes are obliged to fulfill without any delay the requests of working people with regard to transferring their monetary incomes into deposits.

Further improvement of the savings business is closely tied in with improving the forms of providing services to the public and introducing progressive operating methods. Of great importance in this matter is expanding the practice of paying out through the savings banks wages to workers and office employees and monetary earnings to kolkhoz members. During the three years of the current five-year plan 1.7 million working people converted to the new form of handling their wages, and by the beginning of 1984 about 7 million workers, office employees, and kolkhoz members in toto were enjoying this new type of service offered by the savings banks.

Good results have been achieved in republics and oblasts where the institutions of the USSR State Workers' Savings Bank, relying on the aid of party, Soviet, and trade-union organs, have exhibited effectiveness and persistence in their organizational work. In a number of rayons of the RSFSR, the Ukraine, Belorussia, and Kazakhstan 40--50 percent of the working people receive their monetary wages through the savings banks, while in some of them this figure is over 70--80 percent; in the Koryazhmskaya TsSK [Central Savings Bank] of Arkhangelsk Oblast it is almost 75 percent, in the Snezhnyanskaya TsSK of Donetsk Oblast--approximately 46 percent, in the Zhodinskaya TsSK of Minsk Oblast--82 percent, in the Leninogorsk TsSK of the East Kazakhstan Oblast--more than 87 percent, etc.

It is well known that converting labor groups to the new procedure of accounting for wages facilitates the reduction of losses in working time, exerts a positive influence on increasing labor productivity and the intensification of

production, i.e., it creates the conditions for producing additional output without increasing the appropriate expenditures. Taking into consideration the exceptional importance of this matter, the above-indicated decree of the USSR Council of Ministers has entrusted to USSR Gosbank, the ministries and departments, the Councils of Ministers of the Union and autonomous republics, as well as the ispolkoms of the local Soviets of People's Deputies with the task of carrying out measures for further expanding the practice of paying out working people's wages through the savings banks.

The government's decree has indicated that, in order to ensure that the savings banks carry out this work, enterprises and organizations offer them office space, while the ministries and departments set limits on the number of workers and office employees, wage funds, and limits on the number of employees in the administrative apparatus, as well as funds earmarked for its maintenance.

Adoption of the above-indicated decree has allowed us to significantly activate the organization of this work. The Union and Union-republic ministries have sent to their subordinate associations, enterprises, and organizations directives concerning the conduct of measures to convert workers and office employees to have their wages paid out through the savings banks. The economic organs of a number of sectors of the national economy and the institutions of the State Workers' Savings Bank have been sent joint directives of the USSR State Workers' Bank Board and the appropriate ministries. Along with this, the AUCC-TU has entrusted to the central committees of the trade unions the task of actively participating in the work being conducted by the ministries and departments on converting the pay-out of wages to workers and office employees, as well as earnings to kolkhoz members through the savings banks. The central committees of the trade unions sent the appropriate recommendations to the trade-union committees of the enterprises, institutions, and organizations.

For the purpose of activating this work, schedule-plans have been provided in order to convert labor groups to the new accounting procedure with regard to wages; the central savings banks have concluded appropriate agreements with many enterprises and organizations. According to these schedules, just during the first six months of 1984 the savings banks will accept for the service of paying out monetary wages approximately 400,000 workers, office employees, and kolkhoz members, which is double the amount for the same period of 1983. Now the task consists of establishing effective controls over the course of implementing the approved schedule-plans and ensuring their on-time and high-quality fulfillment.

The savings banks offer the public an increasingly broader possibility of counting on obtaining goods and services by the noncash method. The total volume of such accounting during the three years of the five-year plan has amounted to 25 billion rubles, including 9.2 billion rubles during the year just passed.

In November 1982 the right to issue payment checks to the public for the purpose of paying for items to be obtained was granted to savings banks of the second category, the overwhelming majority of which are located in the rural localities. This allowed us to increase the noncash transactions of the public with the trade organizations and, to a certain degree, exerted an influence on

expanding the sphere of using checks. If previously practically all the payment checks issued by the savings banks were used for paying for passenger automobiles, at the present time approximately 25 percent of the total amount of these checks are presented to the stores in order to pay for other items.

For the purpose of expanding the further development of noncash transactions between the public and the trade enterprises, permission was granted to make use of payment checks for purchasing services offered by public-dining facilities on a pre-ordered basis. At present a payment check may be used to make an advance payment from a customer in an amount of at least 200 rubles for services at a festive occasion held in public-dining enterprises. The circle of these enterprises is defined in the localities by the trade organizations in conjunction with the institutions of Gosbank and the State Workers' Savings Bank.

Other measures are also being adopted to expand check circulation. In the Ukraine and in Lithuania experiments are being conducted in using checks from savings-bank checkbooks to pay for items; in Magadan Oblast payment checks are being used in the purchase of passenger airline tickets on an experimental basis.

At the present time the State Workers' Savings Bank Board, in conjunction with the RSFSR Ministry of Domestic Services for the Public, has worked out directives concerning noncash accounts through the savings banks with the domestic-service enterprises for the repair and construction of housing, the manufacture of fur items; it has prepared proposals for noncash transactions with the appropriate organizations for standardized houses to be sold to the public. Other proposals are also being worked out for expanding and improving services to the public by the savings banks.

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